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Weekend

# FINANCIAL TIMES

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WEEKEND DECEMBER 28/DECEMBER 29 1996

## Yen at 3 1/2-year low against \$

### Pound hits highest level since being ousted from the ERM

By Simon Kuper

The yen touched three-and-a-half-year lows against the dollar yesterday, hit by the slide in Tokyo stock prices brought on this week by worries over Japan's austere 1997 budget.

On a day of sharp movements in the currency markets, the pound soared to its highest level since it was ejected from the European exchange rate mechanism on "Black Wednesday" in September 1992, and the Swiss franc fell to a 37-month low against the D-Mark.

Foreign exchange traders said yesterday's changes were exaggerated by thin volumes, with many dealers on holiday. The yen fell because equity and currency traders feared that the budget approved by the Japanese cabinet on Wednesday could stall the country's tentative economic recovery.

Chase Investment Bank said:

"The weakness of the Japanese stock market does emphasise the limited options available to Japanese investors, and capital outflows can be expected to continue." Most economists expect Japanese interest rates to remain low.

The yen closed at ¥115.4 against the dollar in London, ¥0.5 down on the day and ¥1.5 below its close on Tuesday.

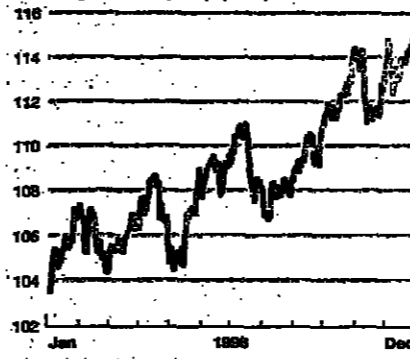
The pound, driven upwards by expectations that UK interest rates would rise next month, gained 2.8 pence against the D-Mark and 1.9 cents against the dollar to close in London at DM2.631 and \$1.692, respectively.

The Swiss franc fell from SF70.865 to the D-Mark to SF70.867, its lowest level against the German currency since November 1993, on expectations that the Swiss National Bank would maintain its loose monetary policy.

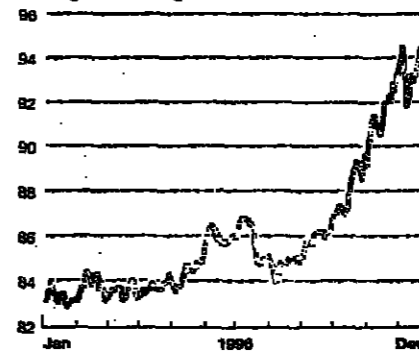
The moves completed an unusual year in the foreign exchange markets. The yen

The big currency surprises of 1996

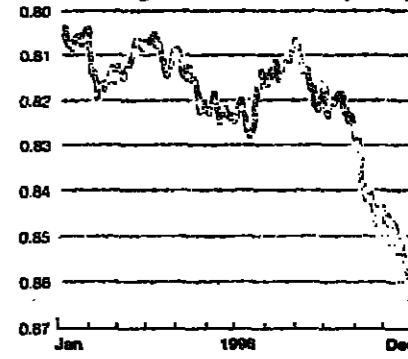
Dollar against the yen (¥ per \$)



Sterling Trade Weighted Index



Swiss Franc against the D-Mark (SFR per DM)



## Stock write-down by Sega prompts profits warning

Japanese electronic games group Sega Enterprises cut its forecast of annual profits to ¥11bn (\$96.5m) from ¥27bn after announcing a ¥30bn extraordinary loss on its US business and massive stock write-downs of 16-bit game consoles. These have been hit by the popularity of 32-bit and 64-bit systems. The Tokyo Stock Exchange earlier suspended Sega's shares after they fell by ¥50 to ¥4,050. Page 24

**Clashes in Belgrade over poll results:** Serbian police attacked anti-government protesters in Belgrade after international observers ruled that the opposition had been robbed of victory in recent elections. Page 2

**Guatemala's guerrilla war ending:** The Guatemalan government is due tomorrow to sign a peace treaty with leftwing guerrilla leaders, ending the last and longest-running of Central America's ideological conflicts. Page 3

**Creditanstalt sale delayed:** Austria's finance ministry delayed the sale of Creditanstalt, the country's second biggest bank, and asked bidders to improve their offers. Page 2

**Call to widen South Korean strikes:** South Korea's main trade union group called for a general strike to last until Wednesday as industrial action intensified against the country's new labour laws. Page 24

**FTSE index slips from intra-day high**  
An attempt by the London market to end Christmas week at a closing peak failed at the final hurdle yesterday, but not before the FTSE 100 index had established an intra-day high of 4,102.9. The Footsie ended the truncated trading session, which finished at 12.30pm, at 4,091.0, 1.5 points easier on the day and 15.4 up on the week. Page 21; World stocks, Page 19; Markets, Weekend FT Page XX

**Costain's \$52m disposal plan:** Beleaguered construction group Costain is to sell its remaining US coal and London property interests for \$52m (\$86.8m). Page 4

**Nikko bails out affiliates:** Japanese stockbroker Nikko Securities is to inject ¥147.5bn (\$1.28bn) into three affiliates to enable them to write off property-related loans. Page 6

**Cricket:** Zimbabwe were 93 for two at the end of a rain-shortened second day in the second and final test against England in Harare. Earlier England had been bowled out for 156. The first match was drawn.

**FT.com:** The FT web site provides online news, comment and analysis at <http://www.ft.com>

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## Japan budget splits ministers

By William Dawkins in Tokyo

A fierce debate broke out in the Japanese government yesterday over the wisdom of tightening fiscal policy for the first time this decade, as proposed in the recently adopted 1997 budget.

Mr Shinji Sato, the minister of international trade and industry, yesterday admitted: "I am worried about the economy after April", when a temporary reduction in income tax ends and sales tax will rise.

Personal tax rises will cut disposable income by almost 2 per cent, private sector economists estimate, thus wiping out the current feeble growth rate in private consumption, which accounts for 60 per cent

of the Japanese economy. Mr Hiroshi Mitsuoka, the finance minister, dismissed such criticism as one-sided and warned that government debt, already among the highest in the industrialised world, would continue to rise unless fiscal policy was tightened. "Reckless issuance of deficit-covering bonds will lead to vicious inflation", he said.

The Miti minister's concerns are shared by the capital markets. Share prices fell briefly to a one-year low after the budget was announced last week. The Nikkei 225 index yesterday recovered by 77.46 points to close at 19,369.04, 1.6 per

Continued on Page 24  
World Stocks, Page 19



South Korean workers shout anti-government slogans during a 12,000-strong rally in Seoul yesterday as a general strike was called in protest against new labour laws. Report, Page 24

## Lebed calls for creation of political third force

By John Thornhill in Moscow

Mr Alexander Lebed, the Russian nationalist general, called yesterday for the creation of a third force in Russian politics to counter both old-style communists and the new "so-called democratic elite".

The combative former paratroop general promised to forge a Russian People's Republican Party to give ordinary Russians a political voice. He was speaking to supporters at a congress of the nationalist Home and Motherland movement, which he is

Continued on Page 24

## Two vie for superheroes

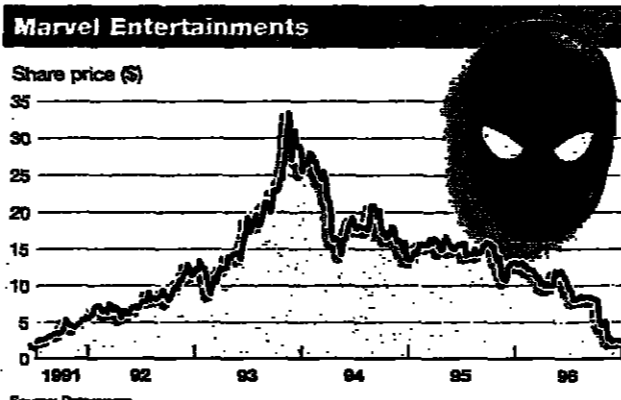
By Richard Waters in New York

Marvel Entertainment, one of the most illustrious names in the world of comic books, was forced into bankruptcy yesterday as a stand-off between two heavyweight US financiers turned increasingly ugly.

The New York company, whose cast of characters includes Spiderman and the Incredible Hulk, has for several years laboured in the face of falling comic books sales and dwindling cashflow.

Now, though, it has to contend with a struggle between the cigar-chomping financier Mr Ronald Perelman, who controls 80 per cent of the company's stock, and Mr Carl Icahn, a prominent corporate raider, who has acquired 25 per cent of Marvel's bonds.

Caught between the manoeuvrings of these 1980s-vintage financiers, Marvel has been unable to complete a financial restructuring and has run out of cash, forcing it to seek protection from its creditors yesterday under Chapter 11 of the US bankruptcy code.



Mr Scott Sassa, its chairman, said Marvel would keep paying its bills, aided by a \$100m bank credit from Chase Manhattan, and would move ahead with a restructuring that would leave

Continued on Page 24

STOCK MARKET INDICES			
FTSE 100	4,091.0	(-1.5)	
Yield	3.88		
FTSE Eurotrack 100	1,883.23	(+7.23)	
FTSE All-Share	2,001.16	(+0.09)	
Nikkei	19,369.04	(+77.46)	
New York Composite	1,133.54	(+1.6)	
Dow Jones Ind Ave	6,890.52	(+1.6)	
S&P Composite	757.46	(+1.6)	
LONDON MONEY			
3-mo Interbank	6 1/4	(8 1/4)	
Libor 6m 6 1/2	6 1/2	(8 1/2)	
US LUNCHTIME RATES			
Federal Funds	5 1/4		
3-m Treasury Bill	Yield 5.082%		
Long Bond	8 1/2		
Yield	6.539%		
NORTH SEA OIL (Anglo)			
Brent Dated	\$23.00	(23.04)	
GOLD			
New York Comex (Feb)	\$371.1	(same)	
London	\$369.25	(\$8.0)	
STERLING			
New York lunchtime:			
\$	1.6917		
London:			
\$	1.6916	(1.6729)	
DM	2.6308	(2.6301)	
FF	3.3726	(3.3706)	
SFR	2.2915	(2.2907)	
Y	185.282	(182.212)	
£ Index	85.8	(84.5)	
DOLLAR			
New York lunchtime:			
DM	1.5576		
FF	5.2508		
SFR	1.2915		
Y	116.278		
London:			
DM	1.5582	(1.5564)	
FF	5.246	(5.253)	
SFR	1.2908	(1.2907)	
Y	115.43	(114.82)	
£ Index	86.2	(85.4)	
Tokyo close	Y 115.25		

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TV group changes sides to score victory

A last-minute goal appears to have decided the outcome of a bitter contest between the Madrid government and Spain's biggest media group for leadership in satellite television broadcasting to the Spanish-speaking world.

Spanish broadcaster takes its soccer rights to opposing company in bid to clinch satellite deal, says Tom Burns

side, Sogecable, a digital TV company managed by Prisa, publisher of the best-selling national newspaper El País, which is due to start broadcasting in the new year.

The defection is an embarrassment for the government of prime minister Mr José María Aznar which unveiled an ambitious plan to deliver digital broadcasting to the Spanish-speaking world when it took office in May.

RTVE, which had a 17 per cent stake in the digital venture, the same as Antena Tres had, said it would reassess its agreement with Telefonía. Under the government's original blueprint, RTVE was to have been the leading partner in the satellite initiative but it relinquished this role to Telefonía

because its conventional broadcasting business is deeply in debt. Three months ago Sogecable, which already runs Canal Plus, a pay TV channel, which is 25 per cent owned by Canal Plus France, started legal action against Antena Tres alleging it had used unfair means to break its virtual monopoly over television football.

González team decides opposition was robbed of seats

Clashes in Belgrade poll protest

By Paul Wood in Belgrade and agencies

Serbian police last night attacked anti-government protesters in the capital, Belgrade, after international observers ruled that the opposition had been robbed of victory in recent elections.

team from the Organisation for Security and Co-operation in Europe which he led. He said the Serbian authorities should initiate "real democracy" and accept opposition victories in 22 disputed municipal areas - including the nine that make up Belgrade.

maintaining free traffic flows in Belgrade, regarded by the opposition as a pretext for curbing anti-government protests. Students and members of Belgrade's disaffected middle class, who have turned out in their tens of thousands for the marches, are keen to avoid conflict with the police.



Student demonstrators taunt riot police during a demonstration in central Belgrade against election fraud. Violent clashes were reported later.

An opposition spokesman, Mr Slobodan Vuksanovic, welcomed the decision by the observers, who were dispatched to Serbia last week at the invitation of President Slobodan Milosevic. But he said the verdict was unlikely to sway the president.

Weeks of processions through the centre of Belgrade ended on Thursday when police equipped with body armour, helmets, shields and truncheons forced demonstrators into a pedestrian square.

Clashes on Tuesday, when pro- and anti-Milosevic factions fought running skirmishes in the capital before police waded in to break them up, left at least 58 injured.

The US, Britain, Germany, France and Italy have criticised Mr Milosevic and the SPS.

Italian business bars door to Mafia

Fledgling companies are being nurtured inside 'fortresses' in parts of the south

Small businesses are being set up and nurtured inside "fortresses" in parts of southern Italy to protect them from organised crime.

backed with European Union funds. Similar incubation centres were started in Trieste and Genoa seven years ago. The model is now being replicated nationally after small companies within them achieved survival rates of more than 90 per cent.

Companies setting up in BICs and CISIs have to promise to move out after three or five years to make room for other newcomers. Mr Van Den Hende says secure industrial estates would be just as effective for mature businesses as new ones.

managers who left Rome for Naples to set up and run the Pozzuoli and Marcianise CISIs, says SPI is looking at creating industrial estates for BIC and CISI alumni. Apart from security, he thinks such a move would encourage mutually supportive clustering of similar or related businesses, which could pool some resources and carry out joint international marketing.

Ian Hamilton Fazey reports on a successful and innovative campaign to keep the bad guys at bay

"The Mafia always asks businesses to pay a tax," says Mr Giorgio Chimenti, chief executive of the Catania BIC. "If they do not, the business is attacked. The weapons of the Mafia are fire and the bomb. By growing small businesses inside a protected area, we can help avoid this problem."

neurs when they go home at night, but Mr Chimenti says attitudes have changed since the days when no one in Sicily talked openly about the Mafia and most people claimed it did not even exist.

in northern Italy and elsewhere in Europe because they see the local culture, of which crime is only part, as anti-entrepreneurial. "Crime is a problem of culture and poverty," Mr Van Den Hende says. "We have 65 per cent youth unemployment and the black economy is very large. "We need examples of successful small businesses to show people their value. If you teach in the schools and the factories that jobs create wealth and that this is better than crime, we might have a chance of changing things."

Not everyone is so concerned about crime. One Sicilian entrepreneur, who plans to start a high technology subsidiary of his 60-year-old family business in the Catania BIC, says: "Entrepreneurs have to be courageous anyway. It is all about risk wherever you do it. The real gamble is to try to develop a business here at all. Against that, the Mafia problem is exaggerated."

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OBITUARY: MICHAEL BRUNO

A driving force for financial stability

Michael Bruno, former Governor of the Bank of Israel and Chief Economist of the World Bank, died at his home in Jerusalem on December 28. He was 64. Bruno was born in Hamburg, Germany, in 1932 and was taken to Israel at the age of one. After serving in the Israeli army, he studied mathematics and economics at King's College, Cambridge, graduating in 1956.

joined the faculty of the Department of Economics at the Hebrew University, of which he remained a member until his death. Prof Bruno's early work was in trade and development, and later capital theory and growth. His interests gradually shifted to macroeconomic issues. He co-authored, with Jeffrey Sachs, one of the most influential macroeconomics books of the 1980s, The Economics of Worldwide Inflation (Harvard University Press, 1985).

Bruno was probably the dominant intellectual force in the budget deficit and devaluation, followed by a fixing of the exchange rate and a temporary price freeze. The programme worked. Inflation was soon down to between 20 and 30 per cent a year.

President of the International Economic Association, an Honorary Foreign Member of the American Academy of Arts and Sciences and an Honorary Member of the American Economic Association. He was invited to give numerous important lectures, among them the Clarendon Lectures at Oxford and the Graham Lectures at Princeton, both in 1986. He was a Visiting Professor at different times at the Massachusetts Institute of Technology, Harvard, Stockholm, and the London School of Economics.

His Clarendon Lectures reveal the strong personality, intelligence and intellectual integrity that underlie his lifetime of achievement. Stanley Fischer

INTERNATIONAL NEWS DIGEST

Japan move in Lima siege

Japan said yesterday it was consulting other members of the Group of Seven industrialised nations on a possible international solution to the Peruvian hostage crisis. "It is crystal clear that international society should not forgive terrorism," said Mr Yukihiko Ikeda, the Japanese foreign minister. "It is also necessary for international society to act as one to help resolve this crisis by setting free all the hostages peacefully and at an early date."

Austria reopens bidding for bank

Austria's finance ministry yesterday delayed the sale of Creditanstalt, the country's second biggest bank, reopening the tender to allow bidders to improve their offers.

HK official seeks to reassure

Mr Michael Leung, head of Hong Kong's anti-corruption agency, yesterday cited personal reasons for his decision to step down in March, dismissing claims that the move is linked to the territory's transfer of sovereignty to China.

France curbs Iraq air role

France yesterday announced it was ending its participation in the allied air reconnaissance operation over northern Iraq after five years. A foreign office statement said France had taken the decision because a new plan of action to be put into effect by the US and Turkey, with the participation of Britain, meant the operation would no longer have a humanitarian aspect.

Indian rate cut in prospect

India's central bank has reacted to the country's slowing economy by clearing the way for cuts in interest rates. It has announced a 1 percentage point cut in the cash reserves ratio - the level of bank reserves required to be held on deposit with the central bank - to 10 per cent.

Polish shipyard hopes rise

The prospects of survival for Poland's bankrupt Gdansk shipyard seemed to improve yesterday after Scholler Holdings, a German-owned company based in Cyprus, extended deadlines for the yard to find the \$100m worth of financing it needs to continue work on Scholler's order of five 49,000 dwt container ships.

EBRD to lend Ukraine more

Credits from the European Bank for Reconstruction and Development to Ukraine are expected to increase to \$600m in 1997 from \$195m this year, Mr Yuri Poluneev, its director for Ukraine said yesterday. "In keeping with Ukraine's economic reform programme and creation of a comfortable investment climate, we could finance projects up to \$500m," he told a news conference. About 80 projects were ready for review.

Nigerians 'hold foreigners'

Nigerian oil workers are holding foreigners from several countries aboard a barge off the south-west coast, according to diplomats in Lagos. "The Nigerians are demanding better pay," said Mr Hermes Durand, the Philippines consul. "They have threatened violence and my nationals there are very jittery."

Minister EU talks until election

Some 50,000 miners have gone on strike in 25 mines in the Donetsk and Lugansk basins in a protest against the non-payment of around \$60m in wages.

German

Minister EU talks until election

Some 50,000 miners have gone on strike in 25 mines in the Donetsk and Lugansk basins in a protest against the non-payment of around \$60m in wages.

Stanley Fischer

Stanley Fischer

Stanley Fischer

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# Last and longest guerrilla war ends

By Johanna Tuckman in Guatemala City

The Guatemalan government and leftwing guerrilla leaders will tomorrow sign a peace treaty ending the last and longest-running of Central America's ideological conflicts.

For the veteran rebels, signing the treaty means accepting that 36 years of armed conflict, in which 140,000 died, have won them little. For the generals, it means recognising the staying power of the URNG guerrillas and the force of international pressure for democracy and demilitarisation.

The treaty unites 10 partial peace accords negotiated and signed over three years. The commitments made range from respecting human rights to raising government tax revenues.

With a paper peace sealed, a diplomatic offensive in search of the cash needed to implement the accords will culminate in Brussels on January 22 at a meeting of potential funders arranged by the Inter-American Development Bank.

Mr Willy Zapata, central bank president, is confident that Guatemala's historically low external debt will encourage the international

community to look favourably on assisting the peace process.

Raising tax revenues is one of the few economic commitments contained in peace accords dominated by social and political priorities. The tax take is expected to reach barely 8 per cent of gross domestic product this year, dimly below the continental average of more than 20 per cent.

The accords leave production to the private sector and dovetail with the priorities of the pro-business modernising administration of President Alvaro Arzú.

Increased investment in health, education and community development in the poorest areas mingles with projects aimed at strengthening and decentralising civilian government, professionalising the police and establishing a functional judicial system.

For many the attempt to end systematic discrimination against the Mayan Indian majority will be the most difficult to achieve, even trickier than a demilitarisation agreement accepted by military moderates.

The URNG's failure to negotiate significant reform of Guatemala's skewed land distribution, or any other

profound change in the balance of economic power, has deeply disappointed some on the left. But the guerrillas' military weakness has instilled a realism that encourages frustrated idealists to embrace the accords as they stand.

"Political and institutional changes will come before socio-economic improvements are felt by the majority," said URNG commander Pablo Monzó, who joined the rebels when he was 15.

Mr Hugo Maul, a right-wing economist, said: "If I were a guerrilla, I would think: 35 years for this!" The softness of the agreements had calmed all but the most recalcitrant elements of the local private sector, he added.

This year, the local centre-right think tank, ASIES, estimates GDP growth of less than 2.5 per cent. Mr Pablo Martí, ASIES economist, is only cautiously optimistic about the much-trumpeted prospects for post-war private investment.

"The end of the conflict will ease the climate of instability it created, but the war has not directly obstructed economic activity since the early 1980s, and peace is just one of the elements that investors take into account," he says.



A Catholic church destroyed by Moslem rioters in Tasikmalaya. Chinese-owned shops were also targeted.

## Suharto plea for calm after ethnic riot

Indonesia's President Suharto yesterday appealed for tolerance after riots in a West Java town, where Moslem youths set buildings and churches ablaze, Reuter reports from Tasikmalaya.

Hundreds of troops patrolled Tasikmalaya, 200km south-east of Jakarta, after Thursday's violence, apparently sparked by a report of police

brutality towards a Moslem teacher.

The riots were the third in Indonesia this year. In October 25 churches and a temple were burned by Moslems near Surabaya in East Java, while Jakarta suffered its worst riots in two decades in July in violence triggered by political in-fighting.

Two people - one an

ethnic Chinese woman found in the latest riot, apparently touched off by a report that police had beaten teachers from an Islamic school. Local news reports said a teacher had disciplined the son of a policeman, who summoned them for questioning.

Car showrooms, banks and stores owned by ethnic

Chinese, as well as Christian churches, were the main targets. The Indonesian Legal Aid Institute said 13 churches and seven schools had been burnt.

President Suharto said the disturbances this year should strengthen the resolve of religious people "to maintain and strengthen the nation's unity and cohesion".

## Durable goods orders fall in US

By Nancy Dunne in Washington

Weaker demand for computer parts and other electronic equipment produced an unexpected 1.6 per cent drop in US durable goods orders in November, the US commerce department said yesterday.

The news, suggesting a moderating economy, initially sent prices up on 30-year Treasury bonds with yields slipping from 6.53 per cent late on Thursday to 6.53 per cent in early trading. Analysts had expected the figures - considered an important measure of the manufacturing sector - to show a 0.5 per cent rise.

The \$2.9bn fall in new orders to \$171.8bn is the first decline since August. New orders are still 6 per cent up on November 1995.

Mr Jonathan Basile of HSBC Group, the international banking and financial services company, said the fall, while unexpected was "not really a big deal". The 9 per cent drop in electrical equipment orders accounted for the entire decline, but it could be seen as partly reversing a 17 per cent rise in October.

"The US manufacturing sector will continue to grow," said Mr Basile. However, the recent rise in the dollar could hurt durable goods exports next year.

Orders for new transportation goods decreased slightly to \$41.6bn with all component industries except aircraft and parts increasing. Transportation equipment accounts for about one-quarter of total durable goods. Mr Basile said a large aircraft order by American Airlines, not part of the November report, would positively affect December's orders.

Meanwhile, in a sign of continued strength in employment, the labour department reported that new claims for jobless benefits fell by 15,000 last week to 335,000. Analysts had expected a 5,000 decline.

# China heads for fast but not so furious growth

By Tony Walker in Beijing

China's economic growth is likely to stay at about 10 per cent in 1997 while inflation hovers around this year's level of 6.5 per cent, according to western and Chinese economists.

Mr Fan Gang, director of the National Economic Research Institute of the China Reform Foundation, said the government would strive to preserve "stable economic conditions" next year in line with its aim of smoothing China's "boom and bust" economic cycles.

But Mr Fan also expected the authorities to allow a continued easing of credit restrictions in order to stimulate economic growth, which had shown signs of flagging in the first half of this year.

Both western and Chinese economists gave the government high marks for its management of the economy in 1996, especially its success in more than halving inflation from last year's 14.3 per cent.

Mr John Anderson, deputy chief representative of the International Monetary

Fund, said 1996 had been "an extremely good year" for China in which it had exceeded expectations in meeting economic targets.

This success had been reflected in the stability of the exchange rate, the build-up of foreign exchange reserves, an export performance that was stronger than expected, and continuing strong growth in savings and investment.

China had also pressed ahead with financial sector reforms, including the introduction of limited open market operations and currency

convertibility on the current account from December 1.

Mr Anderson said the IMF did not view risks for China's economy in the next 12 months as "overly large", but a possible "downside" was the continued poor performance of the state sector, which would reduce growth.

Slower growth would increase pressure on the government to take further steps to stimulate the economy, risking inflation. The IMF saw potential dangers in the fact that China is "moving back into a growth cycle".

Real estate investment, for example, was strengthening after a downturn in 1995-96. In China, real estate has been a barometer of boom and bust cycles.

Mr Pieter Bottler, chief representative of the World Bank, expects greater emphasis in the future on productivity growth as investment slows and China's high domestic savings rates come down.

The private sector would also be required to play a greater role in financing infrastructure to overcome bottlenecks in China's economy,

such as inadequate transport and a weak energy sector.

Mr Bottler praised China's financial sector reforms, which had meant that "for the first time" since the reform process began in the late 1970s banks were beginning to behave like commercial institutions and not government fiscal agents.

Other promising developments included a record grain harvest for the second year in a row and "impressive" increases in the production of non-grain foodstuffs such as meat, poultry,

fruit and vegetables. China had also become a "very significant net food exporter".

Mr Fan of the National Economic Research Institute said a continuing build-up of inventories was casting a shadow over prospects for 1997, but stockpiles would also play a role in keeping inflation low.

The problem of bulging inventories was most acute in the automotive, housing and consumer products areas, such as TV. Economists estimate that the build-up accounted for about 1.5-2 per cent of GDP growth.

## NEWS: UK

# German group plans cheaper Internet lines

By Alan Cane

Deutsche Telekom, Germany's privatised national telecommunications operator, may soon offer Britain's Internet users significantly cheaper "travel" on the information superhighway.

Europe's biggest telecoms operator is considering offering the high-speed system known as Integrated Services Digital Network at about £70 (£117) a connection, compared with the £199 to £380 typically charged by British Telecommunications.

ISDN lines are designed to facilitate transmission of data at much

higher speeds than is possible over conventional telephone lines. Among the services that ISDN can offer are high-quality Internet access and voice telephony, audio and video conferencing, electronic data interchange and document image processing.

Deutsche Telekom is the world's biggest operator of ISDN facilities with more than 1.2m lines installed in Germany. With the opening of its home market to full competition in 1998, it is seeking opportunities abroad to sustain and develop revenues.

While ISDN lines are used in the UK mainly by businesses, the fast-

est growing segment of the market is the "ISDN2" service, aimed at small to medium-sized businesses, branches of bigger organisations and residential users. Lower cost connections would be particularly welcome to Internet subscribers, of whom there are now 635,000 in the UK. Lower charges could have a big effect in expanding the Internet market.

BT is believed to have installed about 1m ISDN connections - three out of four of these higher capacity lines designed for bigger businesses. It estimates that one in four of its new business connections is an ISDN line and that the

ISDN business is growing at 100 per cent a year.

Deutsche Telekom heavily subsidises its ISDN connections in Germany. BT claims that 5400 is the real cost of connection.

This year BT introduced a three-tier ISDN pricing strategy to make connection less of a burden for smaller companies. BT adds that while Deutsche Telekom subsidises connections, its call charges are much higher - making BT, in many cases, a more economical option.

Deutsche Telekom said this week that no decision had been made, that it had no licence to offer ISDN

in the UK and that introducing such a service would mean investment on a scale that could be inconsistent with the group's need to reduce its still considerable debt.

The group would be unlikely to encounter difficulties in securing a full operator's licence in the UK, because it is the most open of the world's big telecoms markets.

Mercury Communications and Colt already offer ISDN services and a number of cable television operators, including Nynex CableComms, Diamond Cable and TeleWest, either offer or are planning to offer basic ISDN services at prices below BT's.

## UK NEWS DIGEST

### Schools suffer book shortages

The exam pass rate may be rising, but standards in more than 5,000 primary and secondary schools across England have been "adversely affected" by book or equipment shortages, according to Mr Chris Woodhead, the chief inspector of schools. Figures produced by Ofsted, the government's education watchdog, show that in 1994-1995, the latest year for which statistics are available, 13 per cent of primary schools suffered from a shortage of books, 10 per cent from a shortage of equipment, and 6 per cent from a shortage of both.

For secondary schools, the figures were worse, with 23 per cent having a book shortage, 13 per cent having an equipment shortage, and 8 per cent having a shortage of both. The figures, revealed in a letter to Mr David Blunkett, the opposition Labour party's education spokesman, suggested that the shortage of books and equipment "had adversely affected the standards of lessons in 1993-1994 and 1994-1995". Mr Woodhead said. Extrapolating from the Ofsted figures, the Labour party has calculated that a total of 5,567 schools faced book and equipment shortages in 1994-1995.

Simon Targett

#### HOUSE PRICES

#### Rise of 7% forecast for next year

House prices will rise on average by 7 per cent next year, well ahead of predicted general inflation, and the number of houses sold is expected to rise even faster, according to some of the biggest mortgage lenders. End of year forecasts - from the Halifax and Nationwide home loans groups and the Abbey National bank - should provide cheer for the government as it strives to boost the "feel-good factor" as the general election approaches.

Nationwide said prices since December last year had already risen on average by 8.5 per cent. Halifax, when it publishes its forecasts next Tuesday, is expected to predict a 7 per cent to 8 per cent average rise in prices next year. A separate survey of about 1,000 homeowners published today by Barclays Mortgages emphasises the extent of returning housing market confidence. Some 51 per cent of those questioned believed the value of their home would increase in the next 12 months, compared with 36 per cent at the beginning of this year.

Andrew Taylor

#### TAXATION

#### 144 days' work needed to pay bill

The average Briton will have to work every day from new year's day until May 24 next year in order to satisfy the taxman - one more day than last year. The annual study published today by the Adam Smith Institute, the free-market think-tank, shows the average UK employee will earn enough to pay his or her taxes within 144 days in 1997. This is about three weeks later than in 1995, when all tax bills were paid before the end of April. But it is earlier than in 1988, when taxes could not be paid until June 1. In spite of the latest increase, the UK still has one of the lightest tax burdens in Europe.

The institute calculated that of the 15 members of the European Union, only the Spanish and Portuguese will be able to pay their tax bills before the British. The average German employee will earn enough to pay his or her taxes within 154 days. But the UK compares less well with countries outside the EU, such as the US and Japan. The average Japanese worker will earn enough to pay his or her taxes by April 21.

Graham Bowley

## Minister claims EU talks on hold until election

By George Parker, Political Correspondent

Serious negotiations on the future of the European Union have been put on hold until after the general election, Mr Malcolm Rifkind, foreign secretary, claimed yesterday.

Mr Rifkind said other member states were delaying detailed talks on a successor to the Maastricht treaty in the hope that the opposition Labour party would win the general election.

His comments were seized on by Mr Robin Cook, Labour's foreign affairs spokesman, who said Mr Rifkind had admitted the ruling Conservatives were unable to work with the UK's European partners.

He has shown why the Conservatives must not be re-elected," Mr Cook said. "By his own admission, the [Conservatives] cannot get an agreement in Europe."

Mr Rifkind, speaking on the BBC's Today radio programme, claimed a Labour government would sign up to further EU integration at the inter-governmental conference, while the Conservatives remained strongly opposed.

"I don't expect the negotiating to become really serious until after our election

on the issues where there is a difference between ourselves and the Labour party," he said. "Obviously what other European governments are waiting to see is, if there was a change of government in this country, then some of the demands from Brussels would simply fall into their lap. They would not need to negotiate."

"So obviously they will wait to see the outcome of the general election."

European leaders decided at the Dublin summit this month to defer decisions on more controversial aspects of the new treaty - dubbed Maastricht II - until 1997.

Mr Cook denied Labour would surrender British interests in IGC negotiations.

The IGC could be concluded by the Amsterdam summit next June, which takes place at least one month after the latest possible date for the general election, but many believe negotiations could drag on until the autumn.

Meanwhile, Mr Rifkind accepted there remained a "tremendous" political will, particularly in Germany and France, to achieve monetary union but stressed it still depended on the economic convergence criteria being met.

## Bid advisers told to be more open

The Takeover Panel yesterday called for more transparency and fuller disclosure of advisers' interests after rebuking investment bank Barclays de Zoete Wedd for withholding information about fees earned defending Northern Electric against a \$752m hostile bid from CalEnergy of the US.

The UK's non-statutory takeover regulator, which has launched an investigation into BZW's fee arrangements with Northern, is expected to recommend a system of "accelerated disclosure" surrounding fees and share purchases made during contested takeovers.

The move was prompted by concerns that BZW failed to inform the panel, while discussing share purchases in the regional electricity company, that it stood to receive a \$250,000 discretionary performance-related fee from the bid.

CalEnergy, the US power group, subsequently won an extension to the bid timetable and yesterday declared its 650p-a-share offer unconditional.

Mr Alistair Defriez, director-general of the Takeover Panel, said: "We are sending out a message to the City that when advisers want to clear a course of action with the panel that they must err on the side of greater disclosure."

In an interview with the Financial Times, however, he declared his opposition to statutory takeover regulation and particularly any



Alistair Defriez sending out a message to the City

ban on financial advisers buying shares in target companies.

"If we ban such share purchases, it could be driven underground. There is a risk that it would simply be done by others with an association with the target company, such as suppliers or customers who would then expect a future reward," said Mr Defriez.

The panel, however, has been criticised by some corporate financiers for not stamping out the controversial practice.

The managing director of corporate finance at one London investment bank said: "I don't think it is right that advisers should buy shares in companies with the specific aim of affecting the outcome of a bid. That is up to the existing shareholders."

Mr Defriez is likely to assuage such complaints by reminding advisers when such share purchases are permissible under the takeover code.

"Our concern in the context of the Northern-CalEnergy bid is that the purchases should be at arm's length without any inducement or financial incentive from the target company," he said.

BZW has maintained that payment of its \$250,000 discretionary fee - which the panel has ordered to be withheld - was not linked to its acquisition of Northern shares last week.

Mr Defriez said that claim would be investigated in an inquiry to be completed by the end of January.

"Our main sanction is criticism. But if there is evidence that the conduct of any of the parties fell short of what would normally be expected, then there are other regulators which might wish to take it further."

He hinted that the matter could be referred to the

Tim Burt

Plea by Northern, Page 4



دکتر محمد صالح

# 1997

## Happy New Year

# UZBEKISTAN

Development is not without problems and you have had your share of those.

We all believe the most difficult period is behind us now. You are the only country in the CIS that has increased its industrial output after becoming independent and we are all proud to have been part of that development. You have not just maintained your infrastructure but you have improved it and that has made it possible for all of us to work and live in your country. You have kept your commitments and you have been a good partner to us.

We all wish you well for the next year and look forward to sharing your future.



British-American Tobacco



Coca-Cola Bottlers Tashkent Ltd.

LONHRO



Mitsubishi

Price Waterhouse

UNITED COLORS OF BENETTON.



# RIETER



Hoffmann-La Roche Ltd  
Basel, Switzerland

BERLINER BANK

MITSUI & CO., LTD

# UZ AIG

THE DOCUMENT COMPANY  
XEROX

Shell International Petroleum Company Ltd.

# CASE



MAYER, BROWN & PLATT



SIEMENS  
NIXDORF

NEWPORT KIRKING CORP  
1700 LINCOLN STREET  
DENVER, COLORADO 80203

# NISSHO IWAI

# SONY



COMMODITIES AND AGRICULTURE

WEEK IN THE MARKETS

Nickel slides as stocks rise

By Kenneth Gooding and Peter John
Nickel's price fell to its lowest level in 2 1/2 years in quiet trading on the London Metal Exchange this week.

Analysts pointed out that demand from the stainless steel industry, which accounts for two-thirds of demand for nickel, had been weak for several months and LME stocks were rising steadily towards the psychologically important 50,000 tonnes level.

The metals team at Paribas Capital Markets says: "With prices weakening, nickel market sentiment has turned bearish. Demand, while strengthening in Europe and Asia, remains weak in Japan and the US."

Mr Ted Arnold, analyst Merrill Lynch, also suggests that nickel prices are cheap at present. He says that stainless steel scrap is increasingly in short supply and mills will have to turn more to primary nickel.

BASE METALS

LONDON METAL EXCHANGE

Table with columns: Metal, Price, Change, High, Low, Vol. Includes Aluminimum, Zinc, and Lead prices.

Oil prices drifted during a quiet week but ended above the lows as dealers focused on low stocks and harsh weather in some big consuming markets.

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Mr Ted Arnold, analyst Merrill Lynch, also suggests that nickel prices are cheap at present. He says that stainless steel scrap is increasingly in short supply and mills will have to turn more to primary nickel.

When that happens, probably towards the end of the first half, nickel prices could move sharply higher. He also points out that China imported about 500,000 tonnes of stainless steel in 1995, and this year looks to be on target to import 750,000 tonnes.

Table showing Weekly Price Changes for various commodities like Gold, Silver, Copper, Nickel, Zinc, Tin, etc.

PRECIOUS METALS continued

■ GOLD COMEX (100 Troy oz \$/troy oz)

Table with columns: Day, Price, Change, High, Low, Vol. for Gold COMEX.

■ PLATINUM NYMEX (50 Troy oz \$/troy oz)

Table with columns: Day, Price, Change, High, Low, Vol. for Platinum NYMEX.

■ PALLADIUM NYMEX (100 Troy oz \$/troy oz)

Table with columns: Day, Price, Change, High, Low, Vol. for Palladium NYMEX.

■ SILVER COMEX (\$,000 Troy oz \$/centroy oz)

Table with columns: Day, Price, Change, High, Low, Vol. for Silver COMEX.

ENERGY

■ CRUDE OIL NYMEX (1,000 barrels \$/barrel)

Table with columns: Day, Price, Change, High, Low, Vol. for Crude Oil NYMEX.

■ CRUDE OIL ICE (Barrels)

Table with columns: Day, Price, Change, High, Low, Vol. for Crude Oil ICE.

■ NATURAL GAS NYMEX (10,000 cu ft \$/unit)

Table with columns: Day, Price, Change, High, Low, Vol. for Natural Gas NYMEX.

■ UNLEADED GASOLINE NYMEX (42,000 US gal \$/unit)

Table with columns: Day, Price, Change, High, Low, Vol. for Unleaded Gasoline NYMEX.

GRAINS AND OIL SEEDS

■ WHEAT LIFFE (\$ per tonne)

Table with columns: Day, Price, Change, High, Low, Vol. for Wheat Liffe.

■ SOYBEANS (100,000 bushels)

Table with columns: Day, Price, Change, High, Low, Vol. for Soybeans.

■ MAIZE (50,000 bushels)

Table with columns: Day, Price, Change, High, Low, Vol. for Maize.

■ BARLEY LIFFE (\$ per tonne)

Table with columns: Day, Price, Change, High, Low, Vol. for Barley Liffe.

■ SOYABEAN OIL (100,000 lbs)

Table with columns: Day, Price, Change, High, Low, Vol. for Soybean Oil.

■ SOYABEAN OIL (200,000 lbs)

Table with columns: Day, Price, Change, High, Low, Vol. for Soybean Oil.

■ SOYABEAN MEAL (100,000 lbs)

Table with columns: Day, Price, Change, High, Low, Vol. for Soybean Meal.

■ POTATOES LIFFE (\$/tonne)

Table with columns: Day, Price, Change, High, Low, Vol. for Potatoes Liffe.

■ FREIGHT (BUFFED) LIFFE (\$/100 short ton)

Table with columns: Day, Price, Change, High, Low, Vol. for Freight.

■ GAS OIL ICE (Barrels)

Table with columns: Day, Price, Change, High, Low, Vol. for Gas Oil ICE.

■ NATURAL GAS NYMEX (10,000 cu ft \$/unit)

Table with columns: Day, Price, Change, High, Low, Vol. for Natural Gas NYMEX.

SOFTS

■ COCOA LIFFE (\$/tonne)

Table with columns: Day, Price, Change, High, Low, Vol. for Cocoa Liffe.

■ COCOA CBT (10 tonnes \$/tonne)

Table with columns: Day, Price, Change, High, Low, Vol. for Cocoa CBT.

■ COCOA (COCO) (\$/tonne)

Table with columns: Day, Price, Change, High, Low, Vol. for Cocoa (Coco).

■ COFFEE LIFFE (\$/tonne)

Table with columns: Day, Price, Change, High, Low, Vol. for Coffee Liffe.

■ COFFEE (COC) (\$/centroy oz)

Table with columns: Day, Price, Change, High, Low, Vol. for Coffee (Coc).

■ WHITE SUGAR LIFFE (\$/tonne)

Table with columns: Day, Price, Change, High, Low, Vol. for White Sugar Liffe.

■ SUGAR (112,000 lbs)

Table with columns: Day, Price, Change, High, Low, Vol. for Sugar.

■ COTTON NYCE (\$/cotton bale)

Table with columns: Day, Price, Change, High, Low, Vol. for Cotton NYCE.

■ ORANGE JUICE NYCE (15,000 cwt)

Table with columns: Day, Price, Change, High, Low, Vol. for Orange Juice NYCE.

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000 lbs)

Table with columns: Day, Price, Change, High, Low, Vol. for Live Cattle CME.

■ LEAN HOGS CME (40,000 lbs)

Table with columns: Day, Price, Change, High, Low, Vol. for Lean Hogs CME.

■ PORK BELLIES CME (40,000 lbs)

Table with columns: Day, Price, Change, High, Low, Vol. for Pork Bellies CME.

■ ALUMINUM (99.7% LME)

Table with columns: Day, Price, Change, High, Low, Vol. for Aluminum.

■ COPPER (AMCO)

Table with columns: Day, Price, Change, High, Low, Vol. for Copper (AMCO).

■ COPPER LIFFE (\$/tonne)

Table with columns: Day, Price, Change, High, Low, Vol. for Copper Liffe.

■ COCOA LIFFE (\$/tonne)

Table with columns: Day, Price, Change, High, Low, Vol. for Cocoa Liffe.

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Table with columns: Day, Price, Change, High, Low, Vol. for Sugar.

■ COTTON NYCE (\$/cotton bale)

Table with columns: Day, Price, Change, High, Low, Vol. for Cotton NYCE.

■ ORANGE JUICE NYCE (15,000 cwt)

Table with columns: Day, Price, Change, High, Low, Vol. for Orange Juice NYCE.

LONDON TRADED OPTIONS

■ ALUMINUM (99.7% LME)

Table with columns: Call, Put, Price, Change, High, Low, Vol. for Aluminum.

■ COPPER (AMCO)

Table with columns: Call, Put, Price, Change, High, Low, Vol. for Copper (AMCO).

■ COPPER LIFFE (\$/tonne)

Table with columns: Call, Put, Price, Change, High, Low, Vol. for Copper Liffe.

■ COCOA LIFFE (\$/tonne)

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■ NATURAL GAS NYMEX (10,000 cu ft \$/unit)

Table with columns: Call, Put, Price, Change, High, Low, Vol. for Natural Gas NYMEX.

■ UNLEADED GASOLINE NYMEX (42,000 US gal \$/unit)

Table with columns: Call, Put, Price, Change, High, Low, Vol. for Unleaded Gasoline NYMEX.

■ POTATOES LIFFE (\$/tonne)

Table with columns: Call, Put, Price, Change, High, Low, Vol. for Potatoes Liffe.

■ FREIGHT (BUFFED) LIFFE (\$/100 short ton)

Table with columns: Call, Put, Price, Change, High, Low, Vol. for Freight.

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■ GAS OIL ICE (Barrels)

Table with columns: Call, Put, Price, Change, High, Low, Vol. for Gas Oil ICE.

WORLD BOND PRICES

Table showing World Bond Prices for various countries and maturities.

MARKETS REPORT

By Richard Adams in London and Richard Waters in New York
Spanish government bonds yesterday outperformed their European counterparts, after Spain's parliament gave final approval for the 1997 budget.

US INTEREST RATES

Table showing US Interest Rates for Treasury Bills and Bonds.

BOND FUTURES AND OPTIONS

Table showing Bond Futures and Options for various countries.

LONG OIL FUTURES OPTIONS (LIFE) \$50,000 64ths of 100%

Table showing Long Oil Futures Options.

FTSE Actuarial Security Securities

Table showing FTSE Actuarial Security Securities.

INDICES

Table showing various financial indices.

UK Gilts Prices

Table showing UK Gilts Prices.

BUSINESSES FOR SALE - Appear in the Financial Times on Tuesdays, Fridays and Saturdays.

COMMENT & ANALYSIS

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 Saturday December 28 1996

# Please don't stop the party

And so it goes on. The seemingly endless party on Wall Street has not only dented the sceptics; US investors marked the closing weeks of the year by snubbing the chairman of the Fed, Mr Alan Greenspan. In response to his publicly expressed worries about "irrational exuberance", they became yet more ebullient and placed even more irrational valuations on US equities. If this sounds like hubris, it probably is. Note, though, that there is a sense in which Wall Street has been doing the rest of the world a service.

Two of the more striking features of the world economy in the second half of the 1990s are the persistence of deflationary pressures, especially in Japan, and the toughening stance of fiscal policy in much of the OECD area. A further drag on the growth of global output has been an inventory adjustment which has affected even the more dynamic Asian economies, which are now a very significant part of the world economy. Against the background of these restraining influences, the global economic slow has been kept on the road partly by a loosening of monetary policy, which has been reflected more in a big build-up in dollar-denominated central bank reserves than in conventional money supply figures. But the rise in the US equity market has also contributed to what the economists call a "wealth effect". The resulting surge in confidence has made it easier for Americans to act, mercifully, as the world's borrowers and spenders of last resort.

### Inherent danger

By historic standards the result has been nothing to write home about. Since 1990 the fastest annual rate of growth in real gross domestic product achieved by the OECD countries has been 2.7 per cent. But that is a measure of the danger inherent in the overheating on Wall Street. A crash could produce a reverse wealth effect at a time when growth remains fragile. The nervousness of the Tokyo market this week was symptomatic. Investors are worried that in the battle between fiscal and monetary policy, fiscal austerity might yet emerge on top. What, then, is the likelihood of a damaging bull market correction? One concern in the US is that the share of corporate profits in national income, which has been on a healthy rising trend in the present cycle, could go



On the ball: John Gallagher (left), Blackheath captain, welcomes the end of amateurism, while Vaseja Tuigamala (centre) and Lawrence Dallaglio attract crowds to Wasps games

# Everything to play for

The chaotic professionalisation of rugby has left some clubs struggling while others prosper, says Patrick Harverson

**M**r Danny Vaughan is a stocky south London truck driver, whose misshapen nose and battered features reflect a long career spent in one of sport's most unforgiving frontlines - the rugby scrum. After serving Blackheath rugby club as both player and coach for almost a decade, Mr Vaughan is now helping the sport's oldest club manage the transition from amateurism to professionalism. It is not an easy task. "I can't put my finger on it but something has been lost," he says of the change in rugby union's status. "The difference between winning and losing was always important, but not that important. Now it's everything."

So much has changed in such a short time that those responsible for the day-to-day operation and playing of the game - the club administrators, coaches and players - are struggling to keep up with the demands of the new era. It was only in August last year that rugby union abandoned more than a century of amateurism. For several years, broadcasters had been paying ever-larger sums to cover popular international fixtures and the quadrennial rugby World Cup.

But the final impetus for the change came from Mr Rupert Murdoch, the media mogul who has used sport to build markets for his substantial television interests across the world. By the early 1990s he had identified rugby as a sport with enormous growth potential - exciting to watch and appealing to audiences in many television markets.

He began spending hundreds of millions of pounds acquiring the rights worldwide to televise professional rugby league and the amateur rugby union. As the money poured into the game, the players wanted their share. Amateurism was doomed. Yet when professionalism arrived UK rugby was unprepared. The immediate consequence was a fierce battle between the 24 clubs in the top two divisions which went professional - several backed by new, very wealthy owners - and the Rugby Football Union, the English game's ruling body. The issue was control of the players and club competitions, and the distribution of the all-important television revenues. The first- and second-division clubs wanted to run their own competitions, and they wanted a big share of the £57.5m five-year television deal the union had signed with BSkyB, the satellite broadcaster controlled by Mr Murdoch. Eventually, the clubs - under pressure from smaller members which had been running up substantial debts while awaiting the first instalment of television money - capitulated. While rugby's rulers waged war, the sport suffered at club level. The fixture list began to fall apart as the new Anglo-Welsh Cup descended into farce amid a welter of game cancellations. Meanwhile, the flagship European Cup lost badly needed exposure as ITV abandoned coverage of the tournament after confusion about arranging televised matches.

This chaotic entry into professionalism has left Mr Tony Kennett, a retired oil industry executive who now chairs Blackheath's fundraising committee, frustrated. "Anyone involved in running rugby at the moment is working like the clappers," he says. "There hasn't been enough time to think this all through. I'm sure the honest opinion of most club administrators would be that they wished the game had not gone professional."

However, Mr Kennett speaks primarily for the smaller clubs such as Blackheath, which is in the second division. Bigger clubs with the high public profile vital to capitalise on rugby's new status view professionalism as the bridge to bigger, better things. Perhaps no club has come so far so quickly as Wasps, the London club which greeted the new world of professionalism by announcing its intention to join the stock market. That plan was abandoned, however, when Mr Chris Wright, chairman of the Chrysler media group, offered to buy Wasps and merge it with Queens Park Rangers football club. Now part of a stockmarket-listed company called Loftus Road, the club has a firm sponsorship deal with NCR, the computer company. The first team plays most of its games at QPR's 19,000-seater football stadium near Shepherd's Bush, where attendances for the big games have more than tripled to over 10,000.

The fans are turning up to watch a Wasps team that boasts international stars such as Lawrence Dallaglio and Vaseja Tuigamala, the giant rugby league player from Western Samoa who earns £5,000 a match. With 17 full-time professionals, a near-£1m annual wage bill and a glamorous image that is attracting growing support throughout London, Wasps is every inch the new professional rugby club.

Mr Nigel Melville, the ebullient Yorkshireman who captained England at scrum half in the 1980s and who is director of rugby at Wasps, loves every minute of it. He can now work with the full-time members of the first-team squad at the club on four days a week, instead of just two evenings. Training techniques

are improving, diets are more closely monitored; football-standard medical facilities are available, and the players now approach the sport as though it is their job - which it is - and not just a hobby. Professionalism has also altered the relationship between coaches and players, Mr Melville says. "The coaches used to ask players: 'Would you mind coming along for an extra training session this week?' Then suddenly, it's: 'You will turn up here on this day at this time.' It's a whole new world," he says. In this new world Mr Melville, a professional coach employed by a publicly quoted company to train full-time players, keeps a close eye on the stock market to see how his Loftus Road stock options are faring. "I watch the shares every day," he says. Across London at Blackheath, Mr Kennett probably wishes he could worry about share prices. His chief priority is converting a 138-year-old membership club into a public limited company with a broad shareholder base, and raising the millions of pounds needed to fund the club's move from its cramped home. The Rectory Field may be one of the oldest grounds in rugby, but it is ill-suited to modern-day sporting demands. The club must move to a new stadium in a more accessible, attractive location if it is to make the most of professionalism.

Mr Kennett knows that if Blackheath is unable to raise the money to make the move, its future as a professional organisation could be in doubt. The club is budgeting for revenues of only £700,000 this year, with player wages and administration costs forecast to swallow all but a fraction of that income. The club's tenuous financial position means it can afford to pay only two full-time players out of a first-team squad of 40. With so many still on part-time contracts, weekday evenings continue to offer the only chance for the players to train together. Hence the planned £2.6m share issue and the club's increasingly desperate search for a wealthy backer to inject funds. Talks with two prospective investors have broken down and Mr Kennett says the club "is looking to get into bed with the right sort of person". Despite his cheerful approach to the fundraising task at Blackheath, he cannot disguise his concern that the clubs may be overstretching themselves. "We're very suspicious about where this is all leading us. Is it eventually going to drive all the clubs into bankruptcy?"

But if administrators such as Mr Kennett are fearful of the future, his players welcome the end of amateurism wholeheartedly. "It's good that it has happened. It was long overdue," says John Gallagher, the former New Zealand international full-back who now captains Blackheath. Hikka Read, an ex-All Black team mate who now helps coach Blackheath, agrees. "The players love it. After all, they're now getting paid to play," he says. Gallagher and Read envisage a future in which a Blackheath team plays entertaining rugby in front of large crowds in a new all-seater stadium. They see rugby fixtures moving to Sunday to attract new and more fans, and they anticipate a large squad of players on full-time contracts able to train on weekdays like other professional athletes. But until the club finds financial backing, Gallagher knows the future will have to be put on hold. "We cannot run before we can walk," he admits. "At the moment we're in the joggling phase."

## LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938, e-mail: [letters.editor@ft.com](mailto:letters.editor@ft.com) Published letters are also available on the FT web site, <http://www.ft.com> Translation may be available for letters written in the main international languages.

### Probing the darker side of the brightly lit new inner cities

*From Mr George Sheeran.*  
 Sir, Colin Amery's "The brighter lights of the big city" (November 23/24) made interesting reading, confirming what I suspect many of your readers have observed taking place around them - "a renaissance of inner-city life... by popular choice". But for whom? It is easy to be dazzled by the gentrification of some city centres: beyond the surface glitter, however, lies a darker place. I wonder if people have ever stopped to think why the centres of cities hailed as models of urban regeneration - Glasgow, Leeds, parts of London - appear to be becoming peopled by only the well-heeled? The reason is the policies effected by an urban managerial elite of municipal planners, housing managers, development corporations and so on. In order to regenerate, there is a need to attract top legal and commercial firms together with the expensive big-name stores and fashionable small businesses. But to attract these, it is necessary to remove the unfashionable small businesses and any lingering traces of social housing near to the centre. The desired result is a prosperous, new-look city, rebuilt in post-modernist styles; where earlier architecture has been restored, where redundant, but characterful, warehouses and the likes have been converted to smart, upmarket apartments. And where crime rates are falling because the troublesome elements have been moved to someone else's doorstep. Colin Amery is wrong when he suggests that high-rise dwellers and Sionne Rangers have equal access to the culture of these "new cities". Their shops and restaurants have become too expensive and

exclusive for the high-rise dweller, a trend also observable in art galleries and museums. In Leeds the new Royal Armouries Museum charges an admission fee of about £20 for a family of two adults and up to three children - enough to make the low-paid think twice. While the process is far from complete, the pattern beginning to emerge is one of city centres where the poor are moved on, the working class tolerated as shop and office workers, and small businesses that do not fit the image made unwelcome. As Lily Savage said in a recent TV show, "They don't take Provident cheques at Harvey Nichols, do they?"

*George Sheeran,*  
 8 Sunny Bank,  
 Skipton,  
 West Yorkshire, BD18 3RP, UK

### Cosmetic device lowers the value of a business

*From Mr David Allen.*  
 Sir, Mr Ian Kennedy argues (Letters, December 21/22) that Lex continues to miss the real point as regards share buy-backs - but the situation is more complex than he indicates. Specifically, the idea that a buy-back is "earnings enhancing" is erroneous. In today's conditions, if a company buys back shares to the value of £100m, say, then its future earnings will be about 55m per annum lower than if it had retained the funds on account of the interest foregone or paid. The point is that, were the distribution to be called a dividend, earnings per share would be correspondingly reduced. Calling it a buy-back has the effect of avoiding that reduction. Lex's description of the device as cosmetic is correct in the sense that, at best, the value of a business (its cash-generating potential) is no lower, after a buy-back from a few shareholders, than it would have been after

the payment of a similar amount in dividends to all shareholders. But cosmetics have side-effects. In this case, if directors pay themselves and their managers bonuses based on crude earnings per share figures, what Mr Kennedy applauds as earnings enhancing actually lowers the value of the business to its shareholders.

*David Allen,*  
 SFM,  
 15 Alderbrook Road,  
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### Prescient Bell's network

*From Mr Stewart Black.*  
 Sir, I must take issue with Alan Cane's assertion that Alexander Graham Bell envisaged the telephone "principally as a way of disseminating concerts and other musical performances to a wider audience". ("Why talk today is relatively cheap", December 23). In *The History of Bell's Telephone*, K. Field quotes Bell as writing: "It is conceivable that cables of telephone wires could be laid underground, or suspended overhead, communicating by branch wires with private dwellings, country houses, shops, manufacturers, etc., etc., uniting them through the main cable with a central office where the wires could be connected as desired, establishing direct communication between any two places in the city. Such a plan, although impracticable at the present moment, will, I firmly believe, be the outcome of the introduction of the telephone to the public. Not only so, but I believe, in the future, wires will unite the head offices of the Telephone Company in the different cities, and a man in one part of the country may communicate by word of mouth with another in a distant place." Bell therefore accurately predicted both the application of his invention and the basic structure of the network.

*Stewart Black*  
 11 Etive Drive  
 Giffnock  
 Glasgow, G46 6PN, UK



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دکتر محمد صالح

# Next chapter in the foresight saga

**H**ow well did FT writers fare with last year's prophecies? Martin Wolf made a relatively safe bet that the world economy would not slow further but that "more of the same" might result in poor growth. In Japan, "the fragile blossoming" of recovery predicted by William Dawkins was more than fulfilled.

John Plender would have raked in the chips with his cautiously bullish forecast for equities share prices rose throughout 1996 in most markets. Although Chrystia Freeland hedged her forecast on whether Mr Boris Yeltsin would remain president of Russia, she correctly predicted that Mr Vladimir Zhirinovskiy, the *Hamboynt* ultra-nationalist, would fail to make it to the final vote.

Jurek Martin said he would bet "only a nickel" on Mr Bill Clinton in the US presidential race. As it turned out, he could have afforded a bigger punt on the Democrats' runner - especially as he forecast correctly that Mr Bob Dole would win the Republican nomination.

John Murray Brown may not, alas, have needed great powers to foresee that talks on Ulster's future would be bogged down in disputes about the decommissioning of terrorist weapons.

Philip Stephens was right to think the Tories would hang on in the UK despite a dwindling majority. As for European monetary union, Lionel Barber may have underestimated the growing political determination in continental Europe to make it happen.

In the Middle East, David Gardner's doubts of accord between Israel and Syria were fully justified. He could not have foreseen that Mr Shimon Peres would be replaced as Israel's prime minister by the hardline Mr Benjamin Netanyahu.

Now for 1997.

Max Wilkinson

**What will happen to world interest rates?**

**Martin Wolf** writes: There is little reason to expect significant changes in the short-term interest rates of the Group of Seven leading industrial countries in 1997. The principal exception is likely to be the UK, where the highest monetary growth in the G7 and buoyant domestic demand will force rates higher.

A small rise in US short-term interest rates is forecast for early 1997 by the Organisation for Economic Co-operation and Development. But "small" is likely to be the operative word.

Japan and the principal continental European economies have substantial excess capacity, hesitant recoveries and no inflationary pressure. All are also embarked on programmes of fiscal consolidation.

Against this background, higher short-term interest rates would be unwise and, if anything, rates should fall in Germany, France and Italy. Nevertheless, the cautious Bundesbank may raise its rates a little.

**Will there be a stock market crash of 1997?**

**John Plender** writes: There is no difficulty in finding arguments for a US-induced global crash: the present demanding valuations for US equities; share-price rises financed increasingly by debt; the possibility that the flow of

official Japanese capital into US bonds could reverse - leaving US savers with less money for equities; a rise in short-term US interest rates if Mr Alan Greenspan, the Federal Reserve chairman, fails to damp "irrational exuberance".

Yet these factors are more likely to induce a correction than a crash - especially since the Japanese will not readily pull the plug by tightening monetary policy. In fact Tokyo looks more crashworthy than Wall Street - its bond and equity valuations are absurd by global standards.

**Will the Clintons sink in scandal?**

**Jurek Martin** writes: The administration will be distracted by them. There are simply too many pending inquiries for it to be otherwise - Whitewater, travel-gate, FBI file-gate, political fundraising, even sexual harassment. But overwhelmed or even brought down à la Watergate? No.

The Clintons have been accused of nothing that compares to the "high crimes and misdemeanours" that brought down Nixon. Never forget, too, that it is easy to report and allege, but harder to indict and tougher still to convict - and the Clintons will fight at each stage of the legal process.

Nor have they lost the war for the public ear. November's presidential election showed that Americans accepted their president and first lady - alleged warts and all.

**How many countries will qualify for Emu?**

**Lionel Barber** writes: A sophist would reply: none. The decision on which European Union member states qualify for entry into the elite single currency club will not be made until April/May 1998.

But we should have a pretty good idea of which countries are in line by the end of the year, based on their economic performance in 1997 and their 1998 budgets. A safe, narrow Emu would be based around France, Germany, and the Benelux countries. Probable additions include Austria, Finland and the Irish Republic. Less probable but not impossible: Spain and Portugal.

There is no way for the Italians to slip under the tent-flap. And a UK government, Tory or Labour, seems to have left itself no time to pass the necessary legislation, let alone win over a sceptical public. The Danes and Swedes need referendums, and Greece will not make it this side of the millennium.

**Will life be proved to exist on other planets?**

**Clive Cookson** writes: Assuming alien beings do not land on earth during 1997, there are two scientifically plausible ways that could prove the existence of extraterrestrial life.

First, researchers might come up with compelling evidence by further study of Martian meteorites (rocks blasted off Mars by an asteroid smashing into the planet, which end up on earth). The evidence presented last August by NASA scientists - that meteorite, ALH84001, contained microscopic fossils and chemical traces of primitive Martian organisms - is controversial.

For the moment, e-mail and the electronic chat rooms of the commercial online services such as CompuServe and AOL remain the main reasons why consumers

**What is likely to happen during 1997? FT writers anticipate the events that will shape the world during the year**



are buying modems and going online. However, powerful search engines such as Yahoo! and AltaVista allow the ordinary PC user to find information on the World Wide Web on anything from an apple pie recipe to scientific data about the climate of the south Pacific.

The case for buying a modem will become even more compelling in 1997. Banks are preparing online services that will enable consumers to conduct much of their banking business from their home PCs. Consumer companies such as Virgin are preparing to launch Internet services with value-added features such as homework help for schoolchildren and teachers' notes. Other companies are already "broadcasting" news over the Internet.

Meanwhile many of the technical and security problems associated with Internet commerce are being resolved. This will make it possible to select and pay for goods and services over the Internet safely - whether the sums involved are pennies or hundreds of pounds.

**Who will be leader of the UK Conservative party?**

**Philip Stephens** writes: It will not be John Major. Barring divine intervention, the Conservatives' 18 years in office will end within the next few months. Some would like Mr Major to hang on for a time as opposition leader to limit the blood-letting of a leadership contest, but he will prefer to retire quietly to Huntingdon.

**Will Hong Kong's handover be smooth?**

**John Ridding** writes: Hong Kong will pass smoothly back to China in July, despite clashes between the UK and China arising from the existence of parallel legislatures - one elected under governor Chris Patten's democratic reforms, one selected by a Beijing-backed committee. Business sentiment will remain buoyant.

China's formation of its new legislature has already undermined its promise of an elected assembly. Whether this commitment is upheld depends on the shape and speed of arrangements for a planned replacement. After

Logic would anoint as successor Mr Kenneth Clarke - the chancellor is unquestionably the most impressive figure in the cabinet. But he is a pro-European and the Tory sceptics at Westminster are beyond conventional political reason.

They will back Mr Michael Portillo, the defence secretary, or Mr John Redwood, the former Welsh secretary who challenged Mr Major for the leadership last year. Mr Michael Howard, home secretary, Mr Malcolm Rifkind, foreign secretary, and Mr Stephen Dorrell, health secretary, will also throw their hats into the ring as centrist alternatives. The result will be a lottery.

But if Labour wins the election only narrowly, Mr Michael Heseltine, the deputy prime minister and the cabinet's other big beast, is worth a modest punt.

**Will Africa descend into chaos?**

**Michela Wrong** writes: The nightmare that has kept diplomats in Africa in a cold sweat for decades is becoming a reality. Zaire could fall apart - destabilising the central equatorial region of Africa.

The effortless rebel seizure of the east of the country will encourage neighbouring countries to make a grab for other parts of the country that are rich in oil and diamonds. If outsiders fall to tear the country apart, the generals probably will, as pres- tate cancer grip Mobutu Sese Seko, president since 1965. Squabbles over the succession could set the various army factions against each other, eliminating the last barrier holding Zaire back from complete chaos.

The disintegration of Zaire would have consequences across the centre of Africa. Instability would jeopardise the peace process in Angola, threaten Uganda's economic recovery and fuel strife in the Central African Republic and Burundi.

The latter looks set to continue its headlong plunge to perdition. Boycotted by its regional neighbours, the Tutsi minority government has nothing to lose by trying to wipe out the Hutu majority. Following the clumsy climbdown from intervention in Zaire, the international community - France, perhaps, excluded

- will do anything to stay out of Africa.

**What will I see at the cinema?**

**Alice Rawsthorn** writes: 1996 was the year when digital special effects came of age in the cinema, with the exploding White House in *Independence Day* and the flying cows in *Turister*. Next year disaster films seem set to make the maximum use of the new effects.

Hollywood has a string of expensively produced disaster pictures in the pipeline, starting with *Dante's Peak*, a Universal production starring Pierce Brosnan, which opens in north America in February. This will be followed by *Volcano*, a 20th Century Fox film with Tommy Lee Jones as its lead; *The Flood* from Paramount; and *Titanic*, an underwater epic by James Cameron, the *Terminator* director.

The production budget for *Dante's Peak* is reportedly more than \$115m and *Volcano* - which includes a scene in which Los Angeles is destroyed - cost more than \$70m. The studios will spend at least \$30m promoting each picture in the US alone.

**Will Japanese exporters bounce back?**

**William Dawkins** writes: Yes. After falling slightly, "in the first half of this year, Japanese exports rose 7.5 per cent in the six months to December. Growth is expected to accelerate to 8.3 per cent next year, according to the OECD, and to 8.5 per cent in 1998.

Car companies are leading the way. In November their exports were 30 per cent above the level a year before; they were followed by electronics companies, up 13.5 per cent in the same month.

If the OECD is right, Japan is heading for its best export growth since 1969. It will also register the fastest rate among the seven richest countries next year and in 1998.

The OECD is right to be bullish about Japanese companies' export prospects. They are helped by a weak yen which is unlikely to strengthen significantly, given the slowdown in the domestic economic recovery. Moreover, the top exporters have made such competitiveness gains that they would keep bouncing back even if the yen recovered.

**Will oil prices be higher at the end of 1997?**

**Robert Corzine** writes: Mundane as it sounds, much depends on the weather. Cold snaps in the US and Europe have been one of the main reasons behind this year's rise in oil prices to six-year highs. A return to "normal" weather patterns in the northern hemisphere would probably push prices down.

Even with bad weather, any rise could be shortlived. The world is not short of oil - and nor is the industry short of cash to develop new fields after a bumper year for most oil companies. The costs of new field development are falling fast, thus encouraging even greater investment in new capacity.

Another bearish factor is that Iraqi crude is now back in the market, albeit in limited quantities. But there is also no shortage of political instability in many big oil-producing countries.

## Reprogramming a country for peace

Laura Silber tunes into the Bosnian television network born of the war and broadcasting for unity

From the former UN headquarters in Sarajevo, capital of Bosnia-Herzegovina, an unusual television station beams the evening news across the scarred landscape. In a land where the electronic media were used to divide communities and stir up war, TV-in broadcasts to Bosnian Muslims, Serbs and Croats with the aim of bridging the divisions.

The project is based on the formula of an American network, with affiliate stations carrying their own local programming alongside the programmes of the central network.

"TV-in does not try to recreate the Bosnia that existed before the war, but it hopes to create a new Bosnia in people's minds and on the airwaves that will break down artificial barriers and information blockades," says Mr Michael Montgomery, a US journalist who was a consultant on the project.

To prepare the climate for last September's free elections, the network was supposed to be broadcast throughout Bosnia - in other affiliates are in Mostar, Tuzla and Zenica, the

main cities in the Moslem-Croat Federation. They are linked in the Open Broadcasting Network (OBN), established with the aim of dissolving the borders among the three communities as part of the Dayton peace accord signed a year ago.

In Serb and, in particular, Croat-held parts of Bosnia, the authorities were loath to relinquish their control over broadcasting - despite commitments to freedom of the media from the presidents of Serbia and Croatia.

This in turn created opposition in the Moslem-led Bosnian government, which already allowed television coverage to be far more balanced than its Serb and Croat counterparts. "Why

should we support the Open Broadcasting Network when nobody else is?" asked a Moslem official.

So great was opposition that the Bosnian government last summer rejected a \$3m World Bank loan custom-made for state television rather than endorse the network.

These obstacles were accompanied by disagreements among the affiliates and with the international advisers over who controlled the network, the editorial approach and finances. The network seemed doomed to failure. A team of American consultants was hastily despatched to Sarajevo to salvage the project.

A week ahead of the September 14 elections, TV-in made its debut - too late to affect the outcome of the poll and covering less than half the country. It was beamed via satellite to its affiliates in the Moslem-Croat federation. Viewers in Banja Luka, the biggest Bosnian-Serb town, could

watch only because the Nato-led peace force had installed - and was keeping guard over - a transmitter.

It took months to find a suitable partner in Republika Srpska, where a small group of local reporters, guided by foreign experts, has now founded a bureau.

Those involved in the network believe the Serb station needs to shape its own

identity to gain the trust of the inhabitants of Republika Srpska.

"It is a miracle the station is actually alive and off the ground," says an international official.

The central network now has an air of a real TV station. Young journalists, many of whom received on-the-job training from western reporters, including



On camera: Kosta Jovanovic (left) and Benjamin Filipovic, the station's creative director

watch only because the Nato-led peace force had installed - and was keeping guard over - a transmitter. It took months to find a suitable partner in Republika Srpska, where a small group of local reporters, guided by foreign experts, has now founded a bureau. Those involved in the network believe the Serb station needs to shape its own identity to gain the trust of the inhabitants of Republika Srpska. "It is a miracle the station is actually alive and off the ground," says an international official. The central network now has an air of a real TV station. Young journalists, many of whom received on-the-job training from western reporters, including

They may try to switch from satellite to less costly land links. "It took some time to strike a balance between foreigners and Bosnians," says the network insider. "The outsiders want control because they have put up the money and have their political goals, but for the station to survive the Bosnians themselves need authority and responsibility for its destiny." The network's experience underscores the difficulties of implementing any attempts to link the two entities - from something which seems as insignificant as vehicle licence plates to something as important as political structures. Bosnia's rival authorities earlier this month gave a firm commitment to provide the legal framework for the network to continue operating throughout the country. If all goes well TV-in will finally reach all Bosnians. Maybe next year Mr Jovanovic's mother, who lives in the Serb-held town of Teslic, will be able to watch the network. For the time being, says Mr Montgomery, "it is the only Bosnia-wide project that has seen even a modicum of success".

CURRENCIES AND MONEY

Yen plummets

MARKETS REPORT

By Simon Kupper

The yen touched three-and-a-half year lows against the dollar yesterday, hit by this week's slide in Tokyo share prices.

It was a day of sharp moves in the currency markets. Sterling soared to its highest level since being ejected from the European exchange rate mechanism on "Black Wednesday" in September 1992, and the Swiss franc fell to a 37-month low against the D-Mark.

The yen fell on fears that Japan's austere 1997 budget, approved by the cabinet on Wednesday, could stall the economy's tentative recovery. Japanese interest rates are expected to remain low.

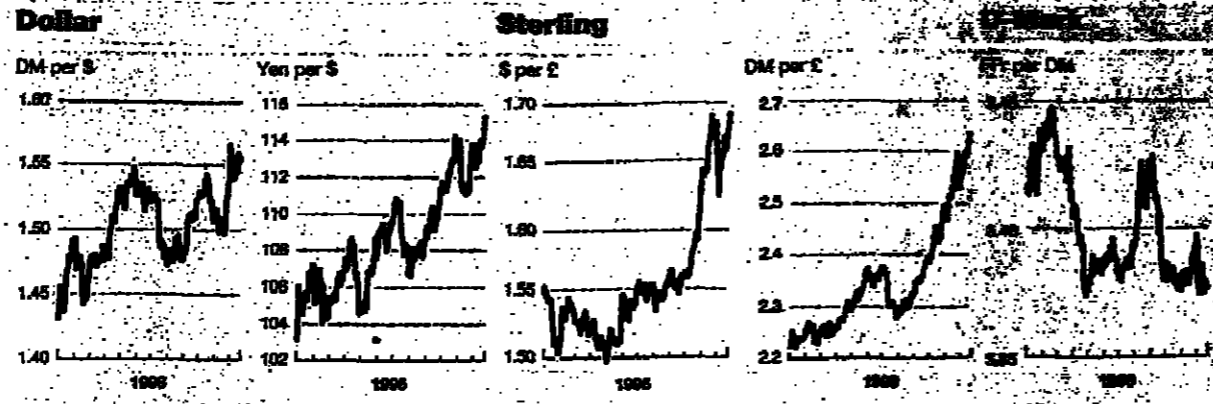
The yen closed at ¥115.4 against the dollar in London yesterday, ¥0.5 down on the day and ¥1.5 below its close on Christmas Eve.

The pound, boosted by expectations that UK interest rates would rise soon, gained 2.8 pennings against the D-Mark and 1.9 cents against the dollar to close in London at DM2.631 and \$1.692 respectively.

Starting closed at 95.6 per cent of its 1990 value against a trade weighted basket of currencies. After the UK left the ERM on the evening of Black Wednesday, it fell to 94.8 per cent of its 1990 level. The Swiss franc continued its slide of most of 1996. It fell from Sfr0.865 to Sfr0.867 against the D-Mark, as traders expected the Swiss National Bank to keep monetary policy loose.

Traders said yesterday's moves were exaggerated by thin volumes, with many dealers on holiday.

The moves completed an unusual year in the foreign exchange markets. The yen and the Swiss franc, which have traditionally tended to appreciate, have fallen, while sterling, which tends to fall, has risen 13 per cent since early August.



The moves completed an unusual year in the foreign exchange markets. The yen and the Swiss franc, which have traditionally tended to appreciate, have fallen, while sterling, which tends to fall, has risen 13 per cent since early August.

The Japanese and Swiss currencies have suffered because their economies have been stagnant and their interest rates low. Currency strategists had expected the Swiss franc to rise this year, as investors sought a safe haven from the uncertainties of European monetary union.

Sterling has gained because UK interest rates are the highest of any major economy and are expected to rise soon. Most UK economists predict that Mr Kenneth Clarke, the chancellor, will raise base rates from their present level of 6 per cent after his January 15 monetary meeting with Mr Eddie George, governor of the Bank of England.

Furthermore, if Mr Clarke left rates unchanged next month, the pound would probably fall. That would help exporters, many of whom have told the chancellor that sterling's strength is eating into their profits.

WORLD INTEREST RATES

Table of money rates for various countries including Australia, Canada, France, Germany, Italy, Japan, etc.

EURO CURRENCY INTEREST RATES

Table of Euro currency interest rates for various currencies like British Franc, Danish Krone, D-Mark, etc.

THREE MONTH EURO CURRENCY FUTURES (LIFE) DM100 points of 100%

Table showing futures prices for three-month Euro currency contracts.

ONE MONTH EURO CURRENCY FUTURES (LIFE) DM100 points of 100%

Table showing futures prices for one-month Euro currency contracts.

THREE MONTH EURO CURRENCY FUTURES (LIFE) £1000 points of 100%

Table showing futures prices for three-month Euro currency contracts in pounds.

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POUND SPOT FORWARD AGAINST THE POUND

Table showing pound spot and forward rates against various currencies like Euro, Australia, Canada, etc.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Table showing dollar spot and forward rates against various currencies like Euro, Australia, Canada, etc.

CROSS RATES AND DERIVATIVES

Table showing cross rates and derivatives for various currencies.

EMU EUROPEAN CURRENCY UNIT RATES

Table showing EMU European currency unit rates for various countries.

D-MARK FUTURES (DM) DM 125,000 per DM

Table showing D-Mark futures prices.

JAPANESE YEN FUTURES (¥) Yen 12.5 per Yen 100

Table showing Japanese Yen futures prices.

SWISS FRANC FUTURES (Sfr) Sfr 125,000 per Sfr

Table showing Swiss Franc futures prices.

STERLING FUTURES (DM) £25,000 per £

Table showing Sterling futures prices.

UK INTEREST RATES

Table showing UK interest rates for various terms.

THREE MONTH STERLING FUTURES (LIFE) £500,000 points of 100%

Table showing three-month Sterling futures prices.

UK clearing bank base lending rate 6 per cent from October 30, 1996

Table showing UK clearing bank base lending rates.

PHILADELPHIA SE C/S OPTIONS \$21,250 (cents per point)

Table showing Philadelphia SE C/S options prices.

BASE LENDING RATES

Table showing base lending rates for various banks.

PHILADELPHIA SE D-MARK'S OPTIONS DM2,500 (\$ per DM)

Table showing Philadelphia SE D-Mark's options prices.

OTHER CURRENCIES

Table showing other currency rates.

FT GUIDE TO WORLD CURRENCIES

The FT Guide to World Currencies table can be found on the Markets page in Monday's edition.

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SPREAD BETTING ON OVER EIGHTY MARKETS

City Index

Large advertisement on the right side of the page, including 'UNIT TRUSTS', 'INVESTMENT', and 'TENORE'.

UNIT TRUSTS

WINNERS AND LOSERS

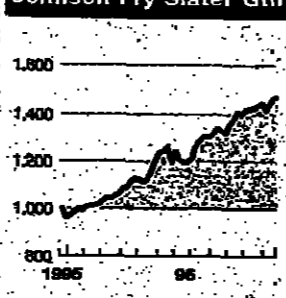
TOP FIVE OVER 1 YEAR

Table listing top 5 unit trusts over 1 year: Johnson Fry Slater Growth, Jupiter European, Gartmore UK Smaller Companies, HSBG Hong Kong Growth, NatWest UK Smaller Cos.

BOTTOM FIVE OVER 1 YEAR

Table listing bottom 5 unit trusts over 1 year: Old Mutual Thailand Acc, Sava & Prosper Korea, Baring Korea, Schroder Seoul, Sava & Prosper Southern Africa.

Johnson Fry Slater Gth



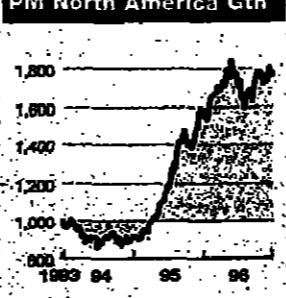
TOP FIVE OVER 3 YEARS

Table listing top 5 unit trusts over 3 years: Hill Samuel US Smaller Cos, Profitic Technology, Gartmore UK Smaller Companies, Jupiter European, PM North America Growth.

BOTTOM FIVE OVER 3 YEARS

Table listing bottom 5 unit trusts over 3 years: Old Mutual Thailand Acc, Sava & Prosper Korea, Sava & Prosper Far East Sm Cos, Schroder Seoul, Gartmore PS Emerging Markets.

PM North America Gth



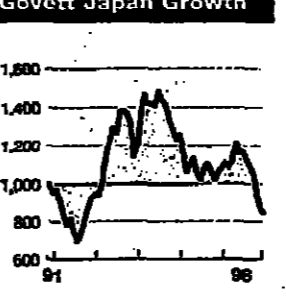
TOP FIVE OVER 5 YEARS

Table listing top 5 unit trusts over 5 years: HSBG Hong Kong Growth, Profitic Technology, Gartmore American Emer Gth, GT Orient Acc, Perpetual American Smaller Cos.

BOTTOM FIVE OVER 5 YEARS

Table listing bottom 5 unit trusts over 5 years: Sowell Japan Growth, Friends Prov Japanese Sm Cos, Baring Korea, Fidelity Japan Smaller Cos, M&G Japan & General Acc.

Govett Japan Growth



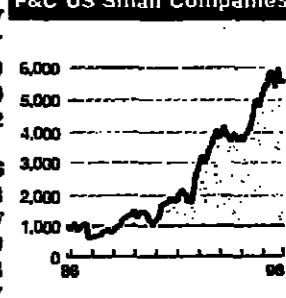
TOP FIVE OVER 10 YEARS

Table listing top 5 unit trusts over 10 years: Hill Samuel US Smaller Cos, Gartmore American Emer Gth, Profitic Technology, F&G US Small Companies, HSBG Hong Kong Growth.

BOTTOM FIVE OVER 10 YEARS

Table listing bottom 5 unit trusts over 10 years: Baring Korea, M&G Japan & General Acc, Mercury Japan, Waverley Australasian Gold, Capel-Cury Japan & Gen Inc.

F&C US Small Companies



Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance. Source: HSW (01625 511311)

Indices

Table of Indices: Average Unit Trust, Average Investment Trust, Bank, Building Society, Stockmarket: FTSE All-Share, Inflation.

UK Growth

Table of UK Growth: Jupiter UK Growth, Johnson Fry Slater Growth, River & Mercantile 1st Growth, Credit Suisse Fellowship Inc, Sarwa UK Growth.

UK Growth & Income

Table of UK Growth & Income: Family United Charities, Perpetual Income, Mercury UK Equity, Fleming Select UK Income, M&G UK Blue Chip.

UK Smaller Companies

Table of UK Smaller Companies: Gartmore UK Smaller Companies, Laurence Keen Smaller Cos, AFS Smaller Companies, INVESCO UK Smaller Companies, Credit Suisse Smaller Cos Inc.

UK Equity Income

Table of UK Equity Income: Jupiter Income, GT Income, River & Mercantile 1st Income, BWD UK Equity Income, Lazard UK Income.

UK Equity & Bond Income

Table of UK Equity & Bond Income: Profitic Extra Income, Baillie Gifford Conv & General, N&P Higher Income, Edinburgh High Distribution, CIS UK Income.

UK Eq & Bd

Table of UK Eq & Bd: BWD Balanced Portfolio, NPI UK Extra Income Inc, Perpetual High Income, Credit Suisse High Income Port, Canlife Income Dis.

Gift & Fixed Interest

Table of Gift & Fixed Interest: Abtrust Fixed Interest, Thomson Preference Inc, Entwistle Gift & Fixed Int Inc, Henderson Preference & Bond, Abbey Capital Reserve Acc.

International Equity Income

Table of International Equity Income: Martin Currie Int'l Income, GT International Income, M&G International Income, GEM Dolphin Int'l Gth & Income, Mayflower Global Income.

International Fixed Interest

Table of International Fixed Interest: Barclays Uni European Bond Inc, Baring Global Bond, Old Mutual Worldwide Bond Inc, Mercury Global Bond Acc, TSB International Income Income.

International Equity & Bond

Table of International Equity & Bond: Bank of Ireland Ex Mgd Growth, NPI Worldwide Income Inc, Cazanova Portfolio, Gartmore Long Term Balance, Fleming General Opportunities.

International Growth

Table of International Growth: Profitic Technology, Framlington Health, Henderson Global Technology, Scot Equitable Technology, Sava & Prosper Growth.

Nth America

Table of Nth America: Hill Samuel US Smaller Cos, PM North America Growth, Friends Prov American Sm Cos, Edinburgh N American, Gartmore American Emer Gth.

Europe

Table of Europe: Jupiter European, Baring Europe Select, INVESCO European Small Cos, Gartmore European Sel Opps, INVESCO European Growth.

Japan

Table of Japan: Hill Samuel Japan Technology, Martin Currie Japan, NatWest Japan Acc, Schroder Tokyo Inc, Henderson Exempt Japan.

Far East inc Japan

Table of Far East inc Japan: United Friendly Far Eastern, GAM Far East Inc, Perpetual Far East Growth, Friends Prov Pacific Bash, Abtrust Pacific.

Far East exc Japan

Table of Far East exc Japan: Old Mutual New Zealand, Friends Prov Australian, HSBG Hong Kong Growth, GT Orient Acc, Henderson Exempt Pacific.

Commodity & Energy

Table of Commodity & Energy: M&G Australasian & General Acc, M&G Commodity & General, Waverley Australasian Gold, Save & Prosper Gold & Exp'n, Save & Prosper Commodity.

Best Peps

Table of Best Peps: Gartmore UK Smaller Companies, Jupiter European, Newston Cash Acc, AFS Smaller Companies, INVESCO UK Smaller Companies.

Money Mkt

Table of Money Mkt: M&G Treasury, Midland Money Market, Newton Cash Acc, CU Deposit, Mercury Cash Acc.

Investment Trust Units

Table of Investment Trust Units: Quilter Investment Trusts Inc, Quilter High Inc Inv Tst Acc, Singer & Friedlander In Ts PEP, Equitable Trust of Invest Tsts.

Fund of Funds

Table of Fund of Funds: Morgan Grenfell Managed Inc, Fidelity Moneybuilder, Britannia Managed Port'fo Inc, Portfolio Fund of Funds, Schroder Managed Bal Acc Inst.

Financial & Property

Table of Financial & Property: Sava & Prosper Financial Secs, Framlington Financial, Hill Samuel Financial, Norwich Property, Edinburgh Financial.

Global Emerging Mkts

Table of Global Emerging Mkts: Stewart Ivory Emerging Market, Mercury Emerging Markets, City of London Emerging Mkts, Schroder Global Emerging Mkts, Framlington Emerging Markets.

INVESTMENT TRUSTS

WINNERS AND LOSERS

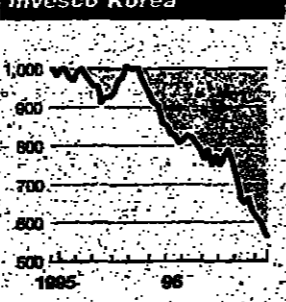
TOP FIVE OVER 1 YEAR

Table listing top 5 investment trusts over 1 year: English National, TR Technology, Baring Emerging Europe, SR Pan-European, Central European Growth Fund.

BOTTOM FIVE OVER 1 YEAR

Table listing bottom 5 investment trusts over 1 year: Schroder Korea Fund, East German, Korea-Europe Fund, Invesco Korea, Fulcrum Capital.

Invesco Korea



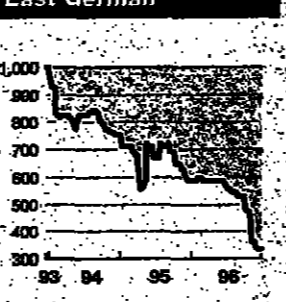
TOP FIVE OVER 3 YEARS

Table listing top 5 investment trusts over 3 years: TR Technology, Kleinwort Development Fund, Invesco English & Intl, Ulanidin Enterprises, Candover.

BOTTOM FIVE OVER 3 YEARS

Table listing bottom 5 investment trusts over 3 years: East German, Europ Dual Capital, Fulcrum Capital, Contra-Cyclical Capital, Schroder Korea Fund.

East German



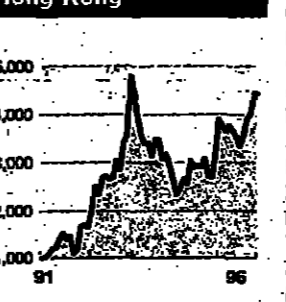
TOP FIVE OVER 5 YEARS

Table listing top 5 investment trusts over 5 years: TR Technology, MGT Capital, North Atlantic Smaller Cos, Hong Kong, Foreign & Colonial Enterprise.

BOTTOM FIVE OVER 5 YEARS

Table listing bottom 5 investment trusts over 5 years: East German, Europ Dual Capital, Contra-Cyclical Capital, Europ Dual Inc, Scottish National Capital.

Hong Kong



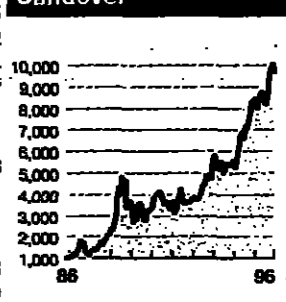
TOP FIVE OVER 10 YEARS

Table listing top 5 investment trusts over 10 years: Candover, Rights & Issues Inc, Capital Gearing, Rights & Issues Capital, Foreign & Colonial Enterprise.

BOTTOM FIVE OVER 10 YEARS

Table listing bottom 5 investment trusts over 10 years: Newmarket Venture Capital, Framlington Income & Capital, Trust of Property Shares, Jove Capital, Baillie Gifford Japan.

Candover



UK General

Table of UK General: Finsbury Trust, Mercury Keystone, Finsbury Growth, Malvern UK Index, Albery.

UK Capital Growth

Table of UK Capital Growth: Kleinwort Endowment Policy, Walsh Industrial, Broadgate, Nory & Sims ISIS, Fleming Enterprise.

Smaller Companies

Table of Smaller Companies: INVESCO English & Intl, Henderson Strata, Perpetual UK Smaller Cos, Gartmore Smaller Companies, Nory & Sims UK Smaller Cos.

UK Income Growth

Table of UK Income Growth: Value and Income, Morgan Grenfell Equity Income, TR City of London, M&G Income (Units), Investors Capital Units.

Venture and Debt Cap

Table of Venture and Debt Cap: Kleinwort Development Fund, Dunedin Enterprise, Candover, Thompson Clive, Foreign & Colonial Ent'prise.

International General

Table of International General: Personal Assets, Second Alliance, Law Debenture Corporation, Alliance, Brunner.

Int Cap Gth

Table of Int Cap Gth: Primadona, TR Technology (Units), Updown, RIT Capital Partners, Electric and General.

Int Income Growth

Table of Int Income Growth: Murray International, Securities Trust of Scotland, British Assets Ordinary.

North America

Table of North America: North Atlantic Smaller Cos, American Opportunity, US Smaller Companies, Fleming American, American.

Continental Europe

Table of Continental Europe: TR European Growth, Gartmore European, Fidelity European Values, Henderson EuroTrust (Units), Foreign & Colonial Eurotrust.

Pan Europe

Table of Pan Europe: Kleinwort Charter, European Smaller Companies.

FE inc Japan

Table of FE inc Japan: Foreign & Colonial Pacific, TR Far East Income, Martin Currie Pacific, Govett Oriental, Fleming Far Eastern.

Japan

Table of Japan: Fleming Japanese, HTR Japanese Smaller Cos, Edinburgh Japan, GT Japan, Baillie Gifford Japan.

Far East exc Japan, General

Table of Far East exc Japan, General: Pacific Horizon, TR Pacific, Scottish Asian, Abtrust New Dawn, Pacific Assets.

Far East exc Japan, Single Country

Table of Far East exc Japan, Single Country: New Zealand, First Philippine, Korea Liberalisation Fund, Abtrust New Thal, Skam Selective Growth.

Emerging Markets

Table of Emerging Markets: Templeton Emerging Markets, Beta Global Emerging Markets, Kleinwort Emerging Markets, Abtrust Emerging Economies, Govett Emerging Markets.

Closed End Funds

Table of Closed End Funds: Capital Gearing, London & St Lawrence, Scottish Value, Exeter Preferred Capital, New City & Commercial.

Property

Table of Property: TR Property, French Property, Wigmore Property, Trust of Property Shares.

High Income

Table of High Income: City Merchants High Yield, Gartmore Scottish (Units), Dartmoor, Glasgow Income, TR High Income.

Split - Capital

Table of Split - Capital: MGT Cap, Rights & Issues Cap, Lloyds Smaller Companies Cap, Aberforth Split Level Cap, Jovs Holdings Cap.

Split - Inc & Residual Cap Shares

Table of Split - Inc & Residual Cap Shares: TR Technology, Finsbury Smaller Companies, Henderson EuroTrust, I&S Optimum Income, M&G Income (Geared Units).

Split - Income

Table of Split - Income: Rights & Issues Inc, Derby Inc, MGT Inc, Jovs Inc, St David's Inc.

Split - Zero Dividend

Table of Split - Zero Dividend: Jupiter Int'l Green Zero Prof, Schroder Split Fund Zero Div Pr, Gartmore Scottish Zero Div Pr, Jupiter Extra Income Zero, Jovs Holdings Zero Div Pr.

Glossary

Performance: Tables like these are full of traps for the unwary. Trap 1: don't expect them to tell you which trusts will do best in future - they are merely a historic record. Trap 2: don't make minute comparisons of unit and investment trusts - the unit trust figures take account of the spread between buying and selling prices; the investment trust ones take mid-market prices in both cases. So comparisons flatter investment trusts.

Volatility: Shows the absolute variability of a trust's performance. As a rule of thumb, the more volatile a fund's progress, the higher the return investors demand from it to compensate for the additional risk. Unusually volatile funds should be avoided by anyone investing over the short or medium term or those who cannot afford big losses. But investors who can afford to take a long-term view may want to have some high risk/high reward trusts in their portfolio to spice it up.

Warning: Most unit trusts charge their management expenses against income, so the yield is net of expenses. But a recent rule change means that trusts are allowed to charge some or all of their management expenses to capital, thus inflating the yield. Our managed funds page identifies those trusts which charge to capital. Investment trusts used all to charge expenses against income, but some now charge some against capital.

general personal equity plan which shields investors against both income and capital gains tax. The PEP rules are that you can put £5,000 into a general PEP (and a further £3,000 into a single company PEP). To qualify for the full 50,000 general PEP allowance, a minimum of 50 per cent of a plan's assets must be held in European Union shares or qualifying corporate bonds. A trust which has more overseas investment, but is still 50 per cent invested in shares, is non-qualifying and limited to a PEP context of £1,500.

Discount: Investment trust shares traditionally sell for less than their underlying asset value. The gap between the two is known as the discount. In the 1974 bar market, discounts were as wide as 45 per cent and although they have mainly narrowed to well under 10 per cent in recent years, they add an additional uncertainty to investment trust share price prospects. The sharp narrowing of the discount is another reason why investment trusts look better than unit trusts on longer-term comparisons.

Split capital trusts: Caveat emptor. If you do not already know what they are, you would probably be wiser to avoid them. They are companies with more than one class of share capital. The traditional variety is relatively simple: income shares get all the income; capital shares get any capital growth over the life of the trust. But nowadays splits are highly complex with several different types of security with differing rights, and aimed to satisfy different investment needs.



FT MANAGED FUNDS SERVICE

Authorised and Insurances

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (444 171) 673 4878 for more details.

Main table containing financial data for various unit trusts, including columns for fund names, prices, and performance metrics. The table is organized into multiple columns and rows, covering a wide range of investment funds.

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GUCCI timepieces advertisement featuring an image of a watch and the text 'FOR DETAILS OF YOUR NEAREST STOCKS, PLEASE CALL 0171 371 7795'.

OTHER UK UNIT TRUSTS section header and introductory text.

PROPERTY UNIT TRUSTS section header and introductory text.

INSURANCES section header and introductory text.

Insurances, Money Markets and Other

FT MANAGED FUNDS SERVICE

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (444 171) 873 4378 for more details.

Main table containing various fund listings with columns for Fund Name, Price, and other details. Includes sub-sections like 'General Accident - Contd.', 'Lawrence Life Plc', 'M&G Assurance - Contd.', etc.

SHORE OVERSEAS

Money Market Trust Funds

Money Market Bank Accounts

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FT MANAGED FUNDS SERVICE

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (444 171) 873 4378 for more details.

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Table listing various offshore funds under Bermuda (SIB RECOGNISED) with columns for fund name, price, and change.

BERMUDA (REGULATED)\*\*

Table listing various offshore funds under Bermuda (REGULATED)\*\* with columns for fund name, price, and change.

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Table listing various offshore funds under Bermuda (REGULATED)\*\* with columns for fund name, price, and change.

GUERNSEY (SIB RECOGNISED)

Table listing various offshore funds under Guernsey (SIB RECOGNISED) with columns for fund name, price, and change.

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Professional Fund Managers (Guernsey) Ltd

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HSI Global Funds - Contd.

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Table listing funds managed by HSI Global Funds.

Advertisement for Imperial Cancer Research Fund featuring a photo of a woman and text: "Every day, we help thousands of people like Zoe fight cancer. Give people with cancer a fighting chance..."

Handwritten text: "MANAGEMENT SERVICES"

Offshore Funds and Insurances

FT Citylink Unit Trust Prices are available over the telephone. Call the FT Citylink Help Desk on (444 171) 673 4378 for more details.

FT MANAGED FUNDS SERVICE

Main table containing FT Managed Funds Service data, including columns for fund names, prices, and performance metrics. Includes sub-sections for Luxembourg (SIB Recognised) and Offshore Insurances.

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FT MANAGED FUNDS SERVICE

Offshore Insurances and Other Funds

FT Cyteline Unit Trust Prices are available over the telephone. Call the FT Cyteline Help Desk on (+44 171) 673 4378 for more details.

Main table containing fund names, prices, and performance data. Includes sections for 'OTHER OFFSHORE FUNDS' and 'THE FT MANAGED FUNDS SERVICE'.

Advertisement for 'Need facts and figures in a hurry?' featuring 'Competitors Markets Customers' and 'Background Research'.

JAVICO LTD

Highs & Lows shown on a 52 week basis

WORLD STOCK MARKETS

NORTH AMERICA

UNITED STATES (Dec 27/US\$)

Table of US stock market data including S&P 500, Dow Jones, and various sector indices with columns for high, low, and change.

EUROPE

AMSTERDAM (Dec 27/ƒ)

Table of European stock market data including Amsterdam, London, Frankfurt, and other regional markets.

ASIA

TOKYO (Dec 27/¥)

Table of Asian stock market data including Tokyo, Hong Kong, Singapore, and other regional markets.

AFRICA

JOHANNESBURG (Dec 27/Rand)

Table of African stock market data including Johannesburg and other regional markets.

Advertisement for Rockwell Automation featuring the text: 'Faster time-to-market, flexibility and customer responsiveness are the key to Rockwell Automation's leadership.' and the Rockwell logo.

INDICES

Table of various international stock indices such as Argentina, Australia, Canada, France, Germany, Italy, Japan, etc.

US INDICES

Table of US market indices including Dow Jones, S&P 500, and various sector indices.

AFRICA

Table of African market indices including Johannesburg and other regional markets.

INDEX FUTURES

Table of index futures data for various markets including S&P 500, Dow Jones, and others.

NEW YORK ACTIVE STOCKS

Table of active stock trading in New York, listing stock names, prices, and volume.

NEW YORK ACTIVE STOCKS

Table of active stock trading in New York, listing stock names, prices, and volume.

Footnote containing market data sources, abbreviations, and disclaimers.



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LONDON STOCK EXCHANGE - DEALINGS

Details of business done show below have been taken with consent from last Tuesday's Stock Exchange Official List and should not be reproduced without permission. The data is now delivered by Exel, part of Financial Times Information.

Details relate to those securities not included in the FT Share Information Services. The prices are those at which the business was done in the 34 hours up to 5.15pm on Tuesday, they are not in order of execution but in ascending order which denotes the day's highest and lowest trades.

For those securities in which no business was recorded in Tuesday's Official List, the latest recorded business in the four previous days is given with the relevant date.

\* Bargains at special prices. \* Bargains due the previous day.

Table with columns for company names and stock symbols, including British Funds, Corporate and County Stocks, and UK Public Bonds.

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WEEKEND BUSINESS

PERSONAL, BUSINESS FOR SALE, TELECOMMUNICATIONS. CHRIST DIED TO SAVE YOU FROM YOUR SINS AND TO GIVE YOU ABUNDANT LIFE. UK PUBLISHING COMPANY FOR SALE. SAVE ON INTERNATIONAL PHONE CALLS.

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UNIVERSAL MBRM ADD-INS. LAUNCH OF VERSION 7.3. FINALLY REAL-TIME DATA YOU CAN AFFORD.

IRISH PERMANENT BUILDING SOCIETY 8 1/2% Bonds 2004. There he is. Fourth row, second from the left. The one with the moustache.

ACT THE SALES MANAGEMENT SYSTEM. MBRM provides advanced analytical tools, financial calculators, scenario, code, consultancy and risk management training.

Table with columns for company names and stock symbols, including British Funds, Corporate and County Stocks, and UK Public Bonds.

SPOT THE REFUGEE. There he is. Fourth row, second from the left. The one with the moustache. UNHCR United Nations High Commissioner for Refugees.

FTSE ACTUARIES SHARE INDICES

Table with columns for company names and stock symbols, including British Funds, Corporate and County Stocks, and UK Public Bonds.

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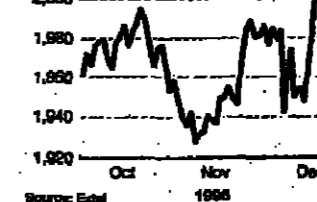
Footsie fails to hold on to intra-day high

MARKETS REPORT by Steve Thompson, UK Stock Market Editor... A gallant attempt by the market to end the Christmas week at a closing peak failed at the final hurdle yesterday, but not before the FTSE 100 index had penetrated the 4,100 mark to establish an 11-month intra-day high.

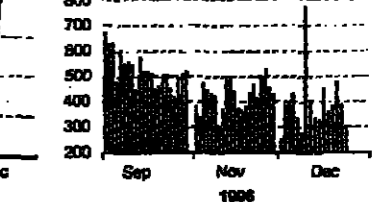
were manned by skeleton staffs, mostly those who drew the short straw in pre-Christmas rotas or those wishing to work off their seasonal excesses. Footsie ended the truncated trading session, which finished at 12.50pm, 1.5 easier at 4,091.0.

137.2m shares, split almost exactly 50-50 between FTSE 100 and non-FTSE 100 stocks. Details of customer trading volumes and values were not available yesterday.

FTSE All-Share Index



Equity shares traded



Indices and ratios table showing FTSE 250, FTSE 350, FTSE All-Share, FTSE Non-Fin p/e, FTSE 100 Fut Mar, 10 yr Gilt yield, Long gilt/equity yld ratio.

TRADING VOLUME IN MAJOR STOCKS

Table listing trading volume in major stocks including BP, British Airways, British Telecom, etc.

EQUITY FUTURES AND OPTIONS TRADING

Table showing activity in equity futures and options trading, including FTSE 100 Index Futures and Options.

Flurry in telecoms boosts BT

BT was the Footsie's strongest performer with a rise of 6 to 406p backed by turnover of 11m shares, which represented some 8 per cent of the overall market volume.

CHIEF PRICE CHANGES YESTERDAY

Table listing chief price changes for various companies like Bodycote, DCS Group, etc.

NEW 52 WEEK HIGHS AND LOWS

Table listing new 52 week highs and lows for various companies.

FTSE Actuaries Share Indices

Table showing FTSE Actuaries Share Indices for various sectors like Insurance, Pensions, etc.

The UK Series

Table showing The UK Series indices including FTSE 100, FTSE 250, FTSE 350, etc.

FTSE Leaders & Laggards

Table listing FTSE Leaders & Laggards, showing percentage changes since December 29 1995.

FTSE Industry Sectors

Table showing FTSE Industry Sectors performance across various categories like Chemicals, Telecom, etc.

Asia-Pacific 1997 advertisement for Linnco, featuring 'Forthcoming Surveys' and 'Asia-Pacific 1997' with contact information for Jenny Middleton and Haj Hafjee.

FTSE International advertisement featuring 'Your one stop Brokerage connection to the world's Futures, Options & Forex markets' and 'Linnco' logo.

Hourly movements and FTSE 350 industry baskets table showing price changes and volume for various sectors.

International Money and Securities Broking advertisement for a city-based worldwide money and securities broker.

LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

Table listing companies in the Alcoholic Beverages sector with columns for company name, share price, and change.

BANKS, MERCHANT

Table listing companies in the Banks, Merchant sector with columns for company name, share price, and change.

BANKS, RETAIL

Table listing companies in the Banks, Retail sector with columns for company name, share price, and change.

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BREWERIES, PUBS & REST

Table listing companies in the Breweries, Pubs & Rest sector with columns for company name, share price, and change.

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BUILDING & CONSTRUCTION

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BUILDING MATS. & MERCHANTS

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CHEMICALS

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CHEMICALS - Cont.

Table listing companies in the Chemicals sector (continued) with columns for company name, share price, and change.

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DISTRIBUTORS

Table listing companies in the Distributors sector with columns for company name, share price, and change.

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DIVERSIFIED INDUSTRIALS

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ELECTRICITY

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ELECTRONIC & ELECTRICAL EQPT

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ENGINEERING

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ENGINEERING, VEHICLES

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EXTRACTIVE INDUSTRIES

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EXTRACTIVE INDUSTRIES - Cont.

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FOOD PRODUCERS

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FOOD PRODUCERS - Cont.

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HOUSEHOLD GOODS - Cont.

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INSURANCE

Table listing companies in the Insurance sector with columns for company name, share price, and change.

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INVESTMENT TRUSTS

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INV TRUSTS SPLIT CAPITAL

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Advertisement for Merseyside survey on Thursday, April 3. Includes text: 'The Financial Times plans to publish a Survey on Merseyside on Thursday, April 3'. It lists statistics about the FT's readership and provides contact information for Pat Looker at Financial Times.

FT Surveys section containing multiple tables for various sectors: ENGINEERING - Cont., FOOD PRODUCERS - Cont., GAS DISTRIBUTION, HEALTH CARE, HOUSEHOLD GOODS, and EXTRACTIVE INDUSTRIES. Each table lists company names, share prices, and changes.

Handwritten Arabic text at the bottom of the page, possibly a signature or note.

LONDON SHARE SERVICE

هنگامه مالی

INV TRUSTS SPLIT CAPITAL - Cont.

Table listing investment trusts with columns for name, price, and change.

OTHER INVESTMENT TRUSTS

Table listing other investment trusts with columns for name, price, and change.

INVESTMENT COMPANIES

Table listing investment companies with columns for name, price, and change.

LEISURE & HOTELS

Table listing leisure and hotel companies with columns for name, price, and change.

LIFE ASSURANCE

Table listing life assurance companies with columns for name, price, and change.

MEDIA

Table listing media companies with columns for name, price, and change.

OIL EXPLORATION & PRODUCTION

Table listing oil exploration and production companies with columns for name, price, and change.

OIL, INTEGRATED

Table listing integrated oil companies with columns for name, price, and change.

OTHER FINANCIAL

Table listing other financial companies with columns for name, price, and change.

PAPER, PACKAGING & PRINTING

Table listing paper, packaging, and printing companies with columns for name, price, and change.

PAPER, PACKAGING & PRINTING - Cont.

Table listing paper, packaging, and printing companies (continued).

PHARMACEUTICALS

Table listing pharmaceutical companies with columns for name, price, and change.

PROPERTY

Table listing property companies with columns for name, price, and change.

PROPERTY - Cont.

Table listing property companies (continued).

SUPPORT SERVICES - Cont.

Table listing support services companies (continued).

RETAILERS, FOOD

Table listing food retailers with columns for name, price, and change.

RETAILERS, GENERAL

Table listing general retailers with columns for name, price, and change.

RETAILERS, GENERAL - Cont.

Table listing general retailers (continued).

SUPPORT SERVICES

Table listing support services companies with columns for name, price, and change.

TELECOMMUNICATIONS

Table listing telecommunications companies with columns for name, price, and change.

TEXTILES & APPAREL

Table listing textiles and apparel companies with columns for name, price, and change.

TEXTILES & APPAREL - Cont.

Table listing textiles and apparel companies (continued).

TOBACCO

Table listing tobacco companies with columns for name, price, and change.

TRANSPORT

Table listing transport companies with columns for name, price, and change.

TEXTILES & APPAREL - Cont.

Table listing textiles and apparel companies (continued).

TOBACCO

Table listing tobacco companies with columns for name, price, and change.

TRANSPORT

Table listing transport companies with columns for name, price, and change.

WATER

Table listing water companies with columns for name, price, and change.

AIM

Table listing AIM companies with columns for name, price, and change.

AIM - Cont.

Table listing AIM companies (continued).

AMERICANS

Table listing American companies with columns for name, price, and change.

CANADIANS

Table listing Canadian companies with columns for name, price, and change.

SOUTH AFRICANS

Table listing South African companies with columns for name, price, and change.

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GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service are delivered by Data, part of Financial Times Information. Company share prices are based on those used for the FTSE Actuaries share indices. Closing bid prices are shown in prices unless otherwise stated. Highs and lows are based on intra-day bid-asks. Where stocks are denominated in currencies other than sterling, the bid is indicated after the name. Prices shown for some of these foreign securities are converted into sterling from local exchange rates. Symbols relating to delisted shares appear in the notes column only in a guide to stocks and the FTSE Actuaries. Dividends and Dividend covers are published on Monday. Market capitalization figures are calculated separately for each of the stock market. Sample bid is calculated as based on the FTSE Actuaries. Price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated by interim figures. These are based on the year ended 31st March 1996, or the year ended 31st March 1995 where appropriate. Estimated bid values (EBVs) are shown for investment trusts in pence per share, along with the percentage discount. Dividends and Dividend covers are shown in pence per share. Highs and lows marked that have been adjusted to allow for capital changes. Asterisks indicate increased or decreased interest rates, interest rates reduced, interest or dividend. Data 2 (AIM) Companies incorporated companies listed on an approved exchange. Data 3 (AIM) Companies incorporated companies not listed on an approved exchange. Data 4 (AIM) Companies incorporated companies not listed on an approved exchange. Data 5 (AIM) Companies incorporated companies not listed on an approved exchange. Data 6 (AIM) Companies incorporated companies not listed on an approved exchange. Data 7 (AIM) Companies incorporated companies not listed on an approved exchange. 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Sega cuts forecast by \$41m as power games alter market

By Gwen Robinson in Tokyo and Alice Rawsthorn in London

Sega Enterprises, the Japanese electronic games group, yesterday slashed its profits forecast for the current financial year...

to Y5.3bn (\$46m) rather than Y10bn (\$87m), with sales slipping to Y420bn from the target of Y430bn.

The profits warning followed a midday decision by the Tokyo Stock Exchange to suspend Sega's shares after they fell by Y50 in morning trading to Y4,050.

of PlayStation, its rival 32-bit system, and Nintendo's successful launch this autumn of its more powerful 64-bit format in North America and Japan.

Mr Shunichi Nakamura, Sega's managing director, expects to sell 1.2m Saturn machines in the US during the current financial year...

However, the popularity of 32-bit and 64-bit systems has sapped demand for less powerful 16-bit games consoles...

fallen faster than expected. Hence the group has decided to write off Y7bn worth of 16-bit console stocks worldwide.

Sega has also decided to take a Y23bn extraordinary loss in the US, where the shift away from 16-bit systems has been particularly dramatic...

Despite the profits warning, Sega should still achieve higher net profits than in its last financial year, when it made Y4.2bn.

Japanese budget row

Continued from Page 1

cent below its level before the budget was announced last Friday.

Mr Jeff Young, political analyst at Salomon Brothers Asia, expressed surprise that there had been so little conflict between members of the LDP government...

Miti and the finance ministry have traditionally differed over fiscal policy, with Miti pushing for fiscal expansion and economic growth...

Two fight over superheroes

Continued from Page 1

Mr Perelman still in control. Under the plan, which Marvel's board backed yesterday, Mr Perelman's Andrews Group would inject \$365m of new equity...

The Perelman plan has proved deeply unpopular with Marvel's minority shareholders, however, as well as the holders of its \$900m face value of junk bonds.

A bondholder group led by Mr Isaacs has proposed that rights to buy 80 per cent of the steeply discounted shares would be offered first to the bondholders.

South Korean unions call for general strike

By Our Foreign Staff

South Korea's main trade union group yesterday called for a general strike to last until Wednesday as industrial action intensified against the country's new labour laws.

Hospital workers joined the walk-out and there were large demonstrations in Seoul and other cities.

The strike call by the normally docile Federation of Korean Trade Unions (KFTU) means that the industrial disruption, which halted production of cars and ships this week, is set to increase...

Union leaders said nearly a quarter of the country's 1.5m union members had walked out by last night despite government threats of stern counter-measures against what it regards as illegal action.

The Seoul stock market index fell 1.2 per cent to 651.23, its lowest level in nearly four years. The won closed slightly

Hospital staff join protest at new labour law

higher at 843.70 to the dollar with dealers wary of central bank intervention in thin year-end trading.

The strikes are the worst industrial action since the late 1980s and reveal widespread resentment at the passage through parliament on Thursday of legislation allowing companies to lay off workers, increase working hours and introduce substitute labour for striking workers.

Unions said they were angry that the legislation was railroaded through the National Assembly in an unscheduled early morning session behind the backs of the opposition.

The government also used the opportunity to pass another bill, strengthening the powers of the Agency for National Security Planning,

the organisation used to stifle political opposition when Korea was a military dictatorship.

In an attempt to calm the situation, the country's largest employers' group said it would only use the new redundancy powers in an emergency.

The government hopes its tough line will win support from the broader public. Concern has been growing at the weakness of Korea's economy this year after an export slowdown which is likely to see the trade deficit double to \$20bn.

The unions marked their determination with a 12,000-strong protest in central Seoul. Chanting demonstrators were immediately surrounded by thousands of riot police who barricaded the way to the parliament building.

Lebed pledge over third political force

Continued from Page 1

using as a platform to rebuild his presidential ambitions.

During the presidential election campaign in June, Mr Lebed rebuffed attempts by other opposition politicians to form a third force. But yesterday he said voters saw the political struggle between the communists and "democrats" as a squabble within a semi-criminal regime.

Mr Boris Yeltsin, who sacked Mr Lebed as his

national security adviser in October, has been trying to convince Russians he is again in control after his recent return to work. But although he has been speaking more clearly than before his heart operation, Mr Yeltsin still appears extremely wooden in his movements.

Mr Lebed claimed the Home and Motherland movement, which he leads, already had 86,000 members in 73 of the 89 regions of Russia and would broaden its support by forming alliances with other political parties. He suggested the movement, which represents mainly army officers, could

win support from a wide cross-section of society, including businessmen, servicemen and former communist party members.

However, political observers suggest it will be extremely difficult for Mr Lebed to create an effective nationwide political movement because of his lack of financial resources and a media blackout which has denied him much TV access.

Mr Lebed's many opponents will doubtless also try to depict him as a political opportunist who will exploit any party to further his personal ambitions.

THE LEX COLUMN

Industrial jigsaw

Buybacks, demergers, privatisations, demutualisations - not to mention an extraordinary rash of acquisitions. 1996 has been a year rich in corporate finance activity.

Demergers have been especially in vogue. Thorn EMI, Westinghouse and British Gas have chosen two-way splits, AT&T a tripartite one, Hanson a four-way division, while Hoechst is planning no fewer than six cuts - albeit with the group keeping stakes in most of them.

Breaking up conglomerates normally makes industrial sense, and when the process exposes previously hidden jewels it can enrich shareholders too. But not always; with Hanson, for example, the main effect has been to expose the previous destruction of wealth.

Gearing-up balance sheets has also been a largely healthy trend. Britain's banks and utilities have embraced share buybacks and special dividends with particular enthusiasm. Groups with few growth opportunities are right to load themselves up with cheap debt which is more tax-advantageous than equity.

Demutualisation has taken off. AMP, the Australian insurance giant, is turning itself into a quoted company while South Africa's Sunlam is thinking of following suit. Britain's building societies and mutual insurers are converting into normal companies, as is the Australian Stock Exchange.

The year's simultaneous merger and demerger booms may seem a contradiction. But they are part of the same massive jigsaw puzzle:

FTSE Eurotrack 200: 1993.3 (+7.8)



would be enhanced if the same amount had been spent on gearing-up via a buyback.

Shareholder value

Buybacks, demergers and the like are expressions of a single philosophy - shareholder value. The notion that companies should be run in the interests of shareholders, for long considered a weird Anglo-American concept, is taking root in continental Europe, especially Germany.

But even in Germany, the roots are not deep. Such has been the political backlash to "shareholder value" that Daimler now uses a German word Unternehmenssteigerung, which means improving the company's value.

Elsewhere, progress is patchy. Though many French chairmen pay lip-service to the shareholder value, the government often meddles in private-sector decisions. It was ministers who climbed down in the truck drivers' strike, which should have been employers' business.

Italy, too, has a long way to go. The Olivetti affair was at best a partial victory for shareholder activism. Mr Carlo De Benedetti did resign as chairman, but only after trillions of lire had been wasted. And international investors shied away from the confrontation that was needed to ensure a clean break with the past.

Though shareholders have too often been shrinking violets in 1996, they have chalked up some wins: P&O pulled off a couple of excellent deals after investor pressure; and shareholder disquiet pushed General Electric Company into modifying the undemanding performance element of its new managing director's pay packet.

Of course, it is much better if companies pursue wealth creation of their own accord. There is no substitute for raw competitive spirit. And the year has seen few more aggressive exponents of that than Microsoft's Mr Bill Gates. By embracing the Internet, he threatened his software monopoly, he has potentially opened up new frontiers to colonise - enriching his investors in the process.

FT WEATHER GUIDE Europe today. Much of the continent will be sunny as a result of a strong high pressure system. Includes a weather map and a table of today's temperatures for various cities.

Verdura's Maltese Cross Cuffs advertisement. Includes an image of a cuff and a list of options: a. Italian, b. French, c. German, d. French.

Vertical advertisement on the right side of the page, partially obscured, mentioning 'An un bit play a tel revol' and 'Joe Ro M Has any'.



# Weekend FT

Last week, Sally Bowen was one of 600 hostages taken at a party at the Japanese Ambassador's residence in Peru by a guerrilla group. She tells of her role as witness and participant

## An unscripted bit-part player in a televised revolution

His red-and-white bandanna bore the black stencilled initials of the guerrilla group he commanded. His dark eyes burned with conviction as he spoke of martyrdom and structural violence, of the hunger and misery of the poor and marginalised. He was consistently composed, articulate and courteous. He was the Latin American guerrilla from Central Casting, with the Kalashnikov and the clichés and the nom de guerre Comandante Huerta.

Nestor Cerpa Cartolini was the Peru of the past arriving with his comrades to haunt the present. They had emerged from the jungle into the urban light of Lima, capital of an "emerging market", where the official talk is more of privatisation than revolution. We found ourselves face-to-face in an elegant downstairs reception room at the Japanese ambassador's residence.

Behind us, in the garden, was the evidence that he and his comrades had gate-crashed the party to celebrate the birthday of Japan's Emperor Akihito. The sushi buffet table was upturned, the ground littered with wine and whisky glasses dropped in haste or in fear.

The Emperor's birthday party was the place to be that evening. It is a particularly important event in the Peruvian diplomatic calendar and, for the freeloader, a prime opportunity to feed on complimentary sushi and sake.

Peru has the second largest Japanese population in Latin America, behind Brazil, also a destination for poor farming families at the turn of the century. But Peru has the only ethnic Japanese leader, outside Tokyo, and has been adopted by Japanese investment and aid agencies.

Government ministers, military officers and police chiefs had gathered, along with foreign diplomats and most of the Japanese business community. By 8pm the pisco sours and sake were flowing, and the chit-chat included whether President Alberto Fujimori would make an appearance. There was the mandatory frivolous gossip and serious talk about the disappointing performance of the Peruvian economy and the sustainability of the neo-liberal model.

Then, into the midst of the neo-liberals came the old

**'Don't lift your heads, they ordered, 'or they'll be shot off'. I had never felt so mortal**

revolutionaries. In a matter of moments, as deafening bursts of automatic gunfire followed a large explosion, there was no doubt that we were under terrorist attack. "This is very bad news indeed," said my neighbour, overhurling in his classic British understatement. But with bullets coming apparently from both sides of the marquee, this was no time for the stiff upper lip or dignity. We flung ourselves to the ground. All around us the elegantly dressed guests were doing the same.

Above the staccato gunfire, strangely disembodied voices announced that we were in the hands of the Tupac Amaru Revolutionary Movement (MRTA). "Don't lift your heads," they ordered, "or they'll be shot off." Eight years in Peru takes a journalist into the dangerous and the frighten-

ing, but I had never felt so mortal. On and off for about 40 minutes we remained under fire and I could not stop myself from imagining what a bullet tearing through flesh was like.

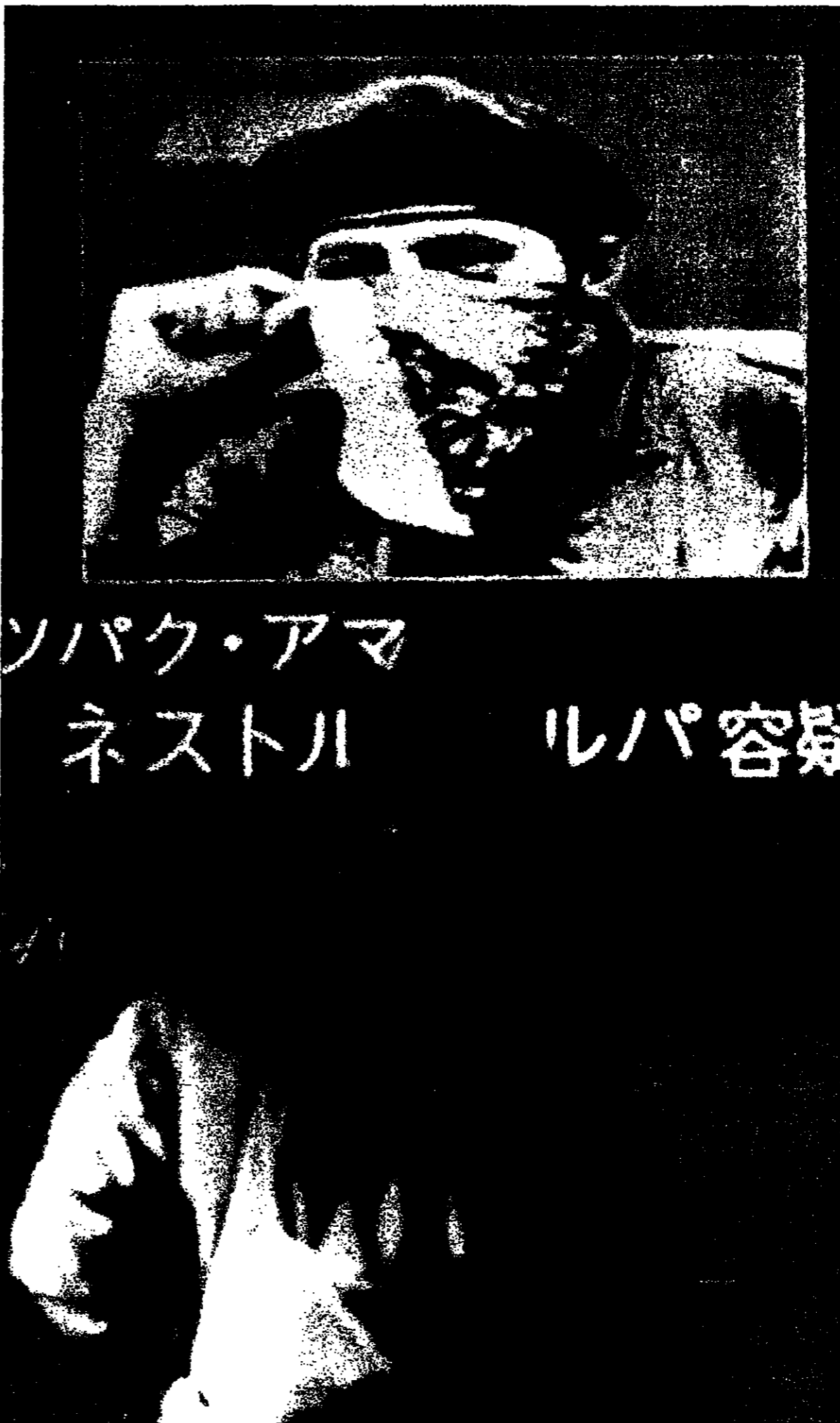
Gradually, journalistic instinct surfaced among the fear. I raised my head a little and took a first look at our new hosts. Three stalked the marquee. Covering the lower parts of their faces were vivid red-and-white bandannas, the colours of the Peruvian and Japanese flag, which contrasted with their sober dress. They were agitated, swinging their battered rifles from side to side, cursing the counter-terrorist police who continued to fire indiscriminately into the residence from outside.

"See what suits they are," shouted one of our captors. "If you die, it'll be because of them."

Although the MRTA is violent and certainly capable of killing, the movement likes to cultivate a humane image. Unlike the infinitely bloodier and cruel Sendero Luminoso (the Maoist throwbacks called Shining Path in English), its leaders have traditionally tried to spread their ideology more through persuasion than the terror of extreme brutality. They are also noted for their respect for journalists and for their intelligent use of the media.

By the time the gunfire ceased and we were ordered to stand up, rehearsing the arguments about the guerrillas' innate humanity had given me a surprising confidence and resilience. For a while, I resisted the indignity of putting my hands behind my head as ordered - it seemed too obvious a capitulation. But seeing everyone else complying, I followed.

It is said that war is nine-parts boredom, one-part action. Being a hostage is similar. For three hours, after being split up into a



A disguised Cerpa delivers the big screen message to passers-by in Tokyo

number of rooms, the hundreds of reception guests sat quietly, talking little, smoking, women comforting each other. There was no panic, just a strange inactivity.

Our boredom was ended from the outside. The police, presumably to harass the guerrillas, fired tear gas into

the residence. In seconds, we were all choking, eyes and throat burning. Again the guerrillas, who had brought gas masks in readiness for the obvious, delivered the usual expletives against the Peruvian police. Again, we were incited, at that moment, to second their

curse. The guerrilla "minding" our group of about 30 on a landing upstairs thoughtfully brought me a plastic bowl of cold water and gave me his fresh white handkerchief to bathe stinging eyes.

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Joe Rogaly

## Millennium squanderama

Has anyone given a thought to what it really means?

Looking forward to the millennium? Forgive me for asking, but this is the season for ridiculous questions. The answer is a lemon. If you ask it in Britain. The outgoing government is leaving a curious bequest, a package of plans to spend money to promote an abstract notion. It will have to be completed by its successor administration. The scheme was devised during the vainglorious years of Tory ascendancy. Conservatives, the ones who masterminded the celebrations of victory in Europe and over Japan, think they know about lifting the national spirit.

Fate may slap these dreamers in the face, wake them up, shake them about a little. For it looks likely to be New Labour, possibly a little shopworn by then, that sings the praises of New Britain. We are deep into the troupe age. The primary source of finance for the Tory-devised squanderama is the Tory-designed national lottery. The Millennium Commission is one of

its "good causes", a term that places a veil of benevolent intent over the wicked act of enticing people who cannot afford it to buy their weekly tickets.

No one is complaining, least of all Labour. Marx was wrong. Greed, not religion, is the opium of the masses. The expectation is that some £1.8bn of lottery income will be bludged over the next three years to sustain a fantasy nurtured by Conservative ministers over the last decade. It could be more, if the life of the commission is extended to pick up bills that stretch into the next century.

It is already in for £200m, an eighth of its total expected outlay, for a throwaway dome on a derelict site. You can put any price you like on this domed scheme today - £500m, £600m, £700m, whatever. I will merely reply "British Library" and, "Channel Tunnel" cryptograms for "uncontrollable expenditure overruns".

No wonder the likely incoming government, the one whose ministers would

simper with pride at the opening ceremony, has insisted that the project be recast, rejustified. We are, after all, talking about a huge theme-park, with the equivalent of hospitality tents for commercial sponsors.

There are, as ever, count-

**In the UK it is not clear that we know, as a nation, where we are going**

er-arguments. Only part of the cost is to be met by the Millennium Commission, although that part could grow. The rest is to come from as many private companies as can be gulled into contributing, plus ticket sales and merchandising. There will be a boost to tourism.

When the dome has been reduced to a pile of environmentally friendly remains,

the Greenwich bank of the Thames will still be blessed with a station on the new Jubilee Underground line. An entire peninsula on the river will have been regenerated. Mr Michael Heseltine will beam with joy - if it is not cancelled by his Labour successor.

Let us grant all that. The same could not have been said of the Great Exhibition of 1851. That was a blatant sales pitch for the world's then leading industrial nation. The Crystal Palace, set in 19 acres of Hyde Park, did not last. The boost-for-Britain line held true, up to a point, a century later; we even have the Royal Festival Hall to show for it. Criticised in advance, the Festival of Britain is fondly remembered.

It was designed by a Labour government to enhance the postwar mood. It took the incoming Tories to do the real job, but not with the festival. Their post-1951 economic management turned the country round. It entered the age of "we never had it so good". To some of today's nostal-

gies, that is still true.

We should also acknowledge that the Millennium Commission itself is simply doing what it was set up to do. It is allocating £1bn towards tangible projects, from a national cycle network, through the creation of "community woodlands" to the erection of a fully-glazed bell tower.

Millennium money has become a pot of gold with hands from every parish reaching for it. Not all of this will be spent unwisely. Some of the individual recipients of cheques from the £200m set aside for awards will deserve them.

So what, you may ask, explains the mildly critical tone you may have discerned in the above passages? It is just that the year 2000, marking a particular number of whizzes of this planet around its sun, is either a mere ticking of the clock or a sacred date. If it is a dial on a time machine we might as well have our moment of expensive bombast on any day we choose - January 1 2000, or a year later, or on the anniversary

of the morning Christ is believed to have been born, which is probably five years earlier, or according to any calendar we can find on any database in history.

Again, it is not clear that we know, as a nation, where we are going. Are we to remain the United Kingdom, as the millennium arrangements assume, or are we headed for dissolution into England and a ring of Celtic republics? The question of our place in the European Union remains unresolved. In 1851 Britain proclaimed its acknowledged technical and manufacturing ascendancy. In 1951 it rejoiced in its determination to return to civilised life following a terrible war. In 2000-2001 we will be fiddling over changing computer dating systems, uncertain about anything.

A suitable tribute to mark the 2000th anniversary of Jesus might be the construction of a new cathedral, perhaps one that caters for all branches of the church founded in his name. So far as I can tell, none is planned.

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PERSPECTIVES

# The Nature of Things How to live longer, at least in the lab

Daniel Green on important findings about the life of cells

**W**e could be the last generation to die. This conversation stopper was delivered by a sombre middle-aged scientist at a dinner party this month.

The ensuing silence was brief. What would happen to populations, employment, pensions? Wouldn't boredom tempt people to take their own lives anyway? How could a respected scientist utter such rubbish?

The answer to the last question is easy: molecular biologists are beginning to work out the basics of what happens when people get old.

Some of the most promising observations concern the caps that protect the ends of chromosomes. These caps, called telomeres, wear away a little each time the cell divides. After many divisions they have almost gone and the cell stops dividing.

Cells that do not divide are not replaced when they die. Wounds

heal more slowly in the elderly. Many "senescent" cells do not die, but they do change. In the walls of blood vessels, for example, they seem to encourage blood cells to stick to each other. Sticky blood cells are dangerous. If a clot is big enough, it can lead to heart attack or stroke.

For many years, scientists did not know whether these effects were just a coincidence. Perhaps the telomere shortening was as much an effect of old age as wrinkled skin.

However, earlier this year a team at the University of Texas Southwestern in Dallas accidentally lengthened the telomeres in

some cells. They crossed these cells with ordinary cells, so the hybrids had longer than normal telomeres. The new cells were able to divide more often than their normal parents.

"That means that telomeres are not just clocks measuring the age of cells," says Jerry Shay of UT Southwestern. "It means that the length of a telomere is an important factor in making a cell live longer."

To turn that knowledge into medicine requires a closer look at what happens when cells divide. The division involves the copying of the genetic information in the chromosome, so that

there are two identical chromosomes in the daughter cells. The copying mechanism is a molecule that runs along the length of the chromosome reading its contents.

The molecule stops reading the chromosome when it encounters the telomere. It then sends the readout, in the form of another molecule, to be used in the creation of the new cell.

Unfortunately, the one part of the chromosome that is not copied properly is the telomere itself. The daughter cells are just like their parent except that their telomeres are shorter. So each cell division brings a cell in-

creasingly closer to senescence.

But there are two groups of cells in the body that keep telomeres whole through cell divisions. One group is the reproductive system, where it is vital for sperm and eggs' cells to have full-sized telomeres so that the children's cells live as long as their parents'. The second group is in cancer. Tumour cells can divide indefinitely without damaging themselves.

What these two groups have in common is an enzyme - telomerase - that allows the telomeres to be duplicated in full.

So scientists face a dilemma. Should they try to block telomerase

to treat cancer? Or should they encourage it so that cells - and perhaps people - live longer? To most scientists, tackling cancer seems the more promising route.

Cal Harley, chief scientist at Geron, a US biotechnology company set up to exploit telomere knowhow, admits his peers are sceptical about whether telomerase can be used to make people live longer.

"There are worries about how telomerase can be delivered to all the cells in the body, and the realisation that it cannot help non-dividing cells, like those in the brain, eyes and muscles.

Shay says, the way forward could be through an operation to remove cells that cause disease when they become senescent, lengthening their telomeres in the laboratory and putting them back in the body.

Cells at blood vessel junctions are candidates. They need to replicate quickly to replace those that are washed away and as a result their telomeres shorten quickly. Problems at arterial junctions can be a source of blood clotting in the elderly.

The procedure has yet to be proved in principle, let alone through clinical trials. That makes it at least a decade away from becoming standard medical practice.

So if the thought that your children may be immortal while you are not upsets you, be reassured. The chances are that they will die too, although medical science may have advanced far enough for the lifespan of some of their organs to be extended.



## Dispatches On tour in Soweto

Mark Ashurst visits an unlikely new tourist location

**T**he sprawling South Western Township outside Johannesburg has never been like the world's other labour camps. Nor was it meant to be.

The town planners who built Soweto in the 1950s reckoned that if conditions were unimprovable, relatives of the black workers they stored there would choose to stay in the hills. Mercifully, Sowetans are today more welcoming to the rising numbers of white tourists visiting their home.

As recently as 1993, commercial tours of Soweto were limited to a single operator promising a glimpse of the township from behind the bullet-proof windows of an air-conditioned bus.

Today, a handful of entrepreneurs offer tours of its landmarks, shebeens and jazz clubs. "We are taking the fear out of Soweto," says Lancelot Sello, the 30-year-old director of Abantu Tours, which offers day and night visits on demand. His clients are an even mix of white South Africans and foreign tourists.

From its origins as a labour camp, Soweto has mushroomed into Africa's largest city, a settlement of 5m people occupying a densely packed 104 sq km. The overcrowding made a mockery of official efforts to separate different ethnic groups, while the rapid industrialisation of the Witwatersrand gold basin created a new black urban elite.

Sowetans defied both the traditional hierarchy of the rural African tribes and the proscribed segregation of apartheid. In the bloodiest days of insurrection, they led The Struggle - most famously in the student uprising of June 1976. And as the country edged towards reconciliation in the early 1990s, Soweto was the first of the war-torn townships to embrace the notion of a "rainbow nation".

Although very few whites live in Soweto, all 11 of South Africa's official languages are spoken here - plus two more that the constitution-makers forgot. To these, returning exiles have added a range of foreign tongues: Indonesian from Sweden, Chinese, Japanese and mainland Africa.

First stop on Lancelot's tour is the well-to-do suburb of Diepkloof Extension, about 40km from Johannesburg. Known locally as Prestige Park or Beverly Hills, the area is famous for its faux-mansion houses, brick built specimens worthy of any European executive village.

The most extravagant are adorned with sweeping arches and ornate turrets which suggest an unexpected rococo flourish. Prompted by the reflection of a landscaped swimming pool in the side door of a gleaming BMW sedan, Lancelot explains that the two or three blocks of the smart San Isidro suburb which surround the residence were projected into any home in the world. The minutiae of the hostage situation transmitted minute by minute live from Lima.

But the most important actors rarely appeared. President Fujimori kept deliberately incommunicado. For four days, the man who learned to use the media skillfully to serve his own purposes, made no statement or public appearance until a terse, tense, televised three-

## At Winnie Mandela's mansion, he accelerates past a Mercedes nosing into the street

The late Joe Slovo, Mandela's closest white ally and former chief of the South African Communist party, was buried here in January 1995. At Winnie Mandela's mansion, he accelerates quickly past a white Mercedes nosing its way into the street. "She won't come out if she sees us," he says.

That evening, at a shebeen in the converted garage of Churchill Moebele, Winnie is a favourite topic of conversation.

So, too, is the fate of Bantu Holomisa, Winnie's militant protégé recently expelled from the ANC: "Nobody knows what's going on at Shell House [the ANC's head office]," complains one drinker. But in this company at least, there are nods of approval for the controversial decision by Cyril Ramaphosa, Winnie's arch enemy, to quit the presidential race and make his fortune in the business world.

As the "cellular phones" - township slang for pocket-sized quantities of brandy - begin to flow, we savour vintage recordings from Churchill's jazz collection. His most enthusiastic patrons are Americans, says Lancelot, who wants to build a motel of insulated shacks so tourists can stay the night. "They never want to leave. You have to push them back into the van."

Abantu Tours: PO Box 39737 Yeoville 2149 Johannesburg. Tel: 27 11 648 7066. Fax: 27 11 648 2186.

**S**ash-window specialist John Rose has doubled the turnover and profits of the Windsor-based Original Box Sash Window Company this year - and he cites the May article in our Minding Your Own Business column as one of the main reasons.

"We have been inundated," he said. "We have increased our staff from 44 to 55, and for the first time our factory is working Saturday and Sunday shifts. Turnover was £2.6m in the year just ended, twice the previous year - and gross profits are 20 per cent, double that of the previous year."

In spite of the difficulties of recent years, highlighted in the article, Rose was anticipating a good year because of the more buoyant housing market and the end of the recession. However, he regards the FT feature as the turning point.

"The phone was ringing all day for several weeks as a result of the article... We have been rushed off our feet ever since."

## Minding Your Own Business Encouraging tale of steady growth

Clive Fewins on how some of the small companies featured have fared

success in selling the £10,000 clinker-built sailing boat he had built single-handed.

Halcrow believed the future of Lakeland Wooden Boats depended on this sale, but in the event he has sold four other boats and turnover has risen from £19,100 the previous year to £18,500 in eight months, and profits from £1,000 to an estimated £3,000.

"The Weekend FT article attracted several people who were interested in sinking money into my business, but in the event I decided to go it alone," Halcrow said.

He also decided against buying the Lancashire-based glass fibre boat manufacturer he was interested in. "I would have had to have borrowed and I do not want to be beholden to the bank," he said.

In the summer, Halcrow moved to a larger workshop in the same farm complex

outside Kendal. This provides him with more space for restoration work.

"There is good money to be made in repairs and restorations and this is the course I shall have to follow when there are no orders for new boats," he said.

Another company featured in the column has also outgrown its first home. Peta (UK) Ltd, of Margaret Roding, Chelmsford, Essex, has moved from the converted farm outbuilding where it started off to a larger building on the same site.

The father-and-daughter company, which supplies and manufactures scissors and garden tools for arthritis sufferers and people with weakened joints, was featured in April.

Director Genny Crockett said: "The FT article gener-

ated 78 inquiries, including ones from Japan and America, and also introduced us to a leading chain of UK garden centres, where we now have a presence."

Turnover has fallen from £275,000 to £220,000, but profitability has risen from 15 per cent to 20 per cent. "This is because we have dropped several of our bought-in lines on which there was a very low profit margin."

"After attending a healthcare and rehabilitation show in Japan in September, sales to that country have risen by 150 per cent. UK sales have suffered because of budget cuts in education and social services, which meant we have not sold so many scissors to schools and hospital rehabilitation departments," Crockett said.

"However, export sales have exceeded 50 per cent of turnover for the first time. Sales to Australia have risen

to £30,000, or about 30 per cent of our exports. In 1997 it is in our overseas markets that we expect the real growth."

Devon Farmer John Elliot, whose range of sherry stirring machines were featured in June, has received requests for details from all over the world, including one from Australia asking if the machine would be suitable for stirring sausage skin mixes.

He is hoping to double his previous year's turnover of £40,000, but is still waiting for the big breakthrough.

"The product is beginning to sell itself to farmers as the word gets around," he said.

"However, I am convinced the most interesting applications lie in mining, but I am still at a loss to know how to break into that industry."

## Bit-part player in a televised revolution

**C**ontinued from Page 1

The tall, white-haired Japanese ambassador remained calm and courageous throughout. But he looked a lonely figure, shouldering a sense of responsibility for his guests. Humour might help, I thought. "Mr Ambassador, you certainly give memorable parties." Feeble and predictable enough, but it seemed to work. "Yes," he smiled, "no one will forget tonight in a hurry."

By now, with all journalistic functions returning to normal, I was reluctant to leave without hearing what the guerrillas had to say. In their heyday in the 1980s, MRTA leaders often gave interviews, and I put in a bid through my minder.

The request was granted. With dozens of women hostages still queuing up, patiently awaiting their release in small groups, I French colleague and I talked to Comandante Hamidillo Huerta Loayza, later to be revealed as their most senior officer.

Unhurried and very much

under control, he explained the objectives of the attack to secure the release of jailed MRTA colleagues and force changes to Peru's prisons policy. He argued that the government's treatment of prisoners "effectively seeks their physical and mental annihilation."

The Japanese ambassador's residence had been targeted "as an extreme measure, in protest against the constant interference of the Japanese government which supports neo-liberal economic policy and violation of human rights."

"You have to understand the history. It is quite clear that violence in Peru is structural and not just the momentary action of madmen."

In essence, Huerta's arguments and even the aggressive rhetoric differ little from the thinking of thousands of left-wing intellectuals in Latin America. A continent that abandoned the unsuccessful policies of the 1980s and enthusiastically embraced the market econ-

omy and legislative democracy is still asking questions of itself.

Perhaps the new strength of the questioning inspired the MRTA, a movement that had been thought virtually dead and certainly irrelevant. It is possible that the 25 or 30 guerrillas who organised the carefully planned storming of the ambassador's residence is the full complement of available members. It could be a swansong of grand, grotesque gesture that assures a place in the contemporary media and the history books.

From confinement in the residence, I walked, apparently free, into a frontal assault on the senses. The first onslaught came from the Peruvian press, and I then returned naively home to an unexpected welcome.

Briefly, by accident, certainly not by choice, I had become a celebrity. The telephone was ringing, when, unsteady from a kind of delayed reaction and lack of sleep, I stumbled through the front door. For the next 20 hours, came questions,

requests and demands. Programme editors seem to take no prisoners.

Apart from the voracious BBC in its many forms, and a hungry FT, instant news meant calls from Tokyo, South Africa, New Zealand, Malaysia and Dublin. It seemed that every US state

"Violence in Peru is structural and not just the action of madmen"

had a television or radio show seeking "just a few minutes of your time". When, close to exhaustion, I declined to do an interview with CNN, an incredulous producer informed me "but this is your chance of world-wide exposure". All I wanted was a good night's sleep.

In the meantime, the area around the Japanese ambassador's residence had

become a sort of fairground. Generators for transmitters thrashed incessantly, satellite dishes of every shape and size were fixed to truck tops and vans.

The wonders of modern communication on display outside contrasted with the scene inside the ambassador's residence. The use of primitive violence to make a point and the most primitive of living conditions, with no running water or electricity. Here was a special sort of unreality. Satellite communication means that the two or three blocks of the smart San Isidro suburb which surround the residence were projected into any home in the world. The minutiae of the hostage situation transmitted minute by minute live from Lima.

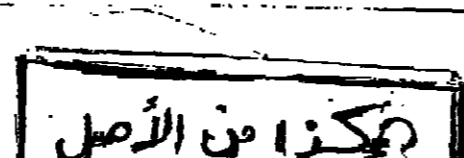
But the most important actors rarely appeared. President Fujimori kept deliberately incommunicado. For four days, the man who learned to use the media skillfully to serve his own purposes, made no statement or public appearance until a terse, tense, televised three-

minute warning to the guerrillas. Inside, the architect of the attack, the comandante, also remained unseen.

The MRTA were careful in choosing the initial hostages for release. They were, in part, selected for communication skills, their ability to convey graphically the harsh reality inside the residence (the overcrowding, the appalling sanitation) and the ideology of their captors.

As more hostages were released came more telling details. Some guerrillas were only 15 or 16, each had kilos of explosives strapped to the waist. But they had moved towards their goal - separating the core players (Peruvian government and military authorities and Japanese businessmen) from the rest.

Long before resolution, this cruel pageant had left indelible marks on its actors - including the unscripted bit-part players, who had presumed that they would always be part of the audience, but were, for once, caught in the harsh beam of the spotlight.



PERSPECTIVES

Dispatches

# A little neighbourly arm twisting

Patty Waldmeir, a returning native, says there is nothing voluntary about volunteering in America

Who, but an American, would adopt a road? Other countries prefer to treat the local highway as a ward of the state. When the tarmac needs looking after, they get government employees - or prisoners - to do it.

But when local roads in the US need mending, the task falls to community groups: under the nationwide Adopt a Highway programme, roads are kept clean and passable by the local high school, the church, or the ladies' quilting club. No self-respecting road remains an orphan for long.

There is a dark side to this tale of American philanthropy, however, which is not often mentioned. Since the days of Alexis de Tocqueville, the 19th century French social historian, commentators have universally praised the almost pathological American penchant for volunteer work. De Tocqueville thought it was the heart and soul of American democracy. No one, since then, has dared to disagree.

But as a returning native -

after 20 years spent in countries which mistreat their highways - I can reveal that there is nothing voluntary about volunteering in the US. De Tocqueville may have thought that all those 19th century burgers were cheerfully associating of their own free will. But I know better: they all had neighbours. And American neighbours can teach any third world dictator lessons in despotism.

Some are more open about it than others. In Lansing, the neighbourly capital of Michigan, the sheriff periodically sends a squad car to pick up various civic-minded citizens. He locks them in a cell with a telephone and a phone book, and orders them to raise several hundred dollars in bail. They remain there until

charity fund-raising targets are met.

As befits the nation's capital, methods in Washington DC are more subtle. This year my neighbours let it be known that I would be expected to rise at 5am on Thanksgiving day and cook a 20lb turkey for the homeless.

I was given absolutely free rein in the choice of stuffing - though there were strong hints that a sausage dressing would not be amiss - and I had unrestricted control over the question of basting. I could cook the bird in a "bake-in bag", or wrap it in foil, or drape it with butter-drenched cheesecloth. Just as long as I delivered it, duly carved, by noon.

When I rose in the dead of

night, I found lights already burning up and down the street, where other volunteer captives were hard at work cooking hams, or cauldrons of soup, or rolling and produce a golden brown bird. This was the least I could do to satisfy de Tocqueville.

But de Tocqueville did not have to cook his turkey in an age of hysterical health scares. He did not have to worry about poisoning the homeless with salmonella. His morning radio show was not full of warnings about the risks of under-cooked stuffing. He did not run the risk of decimating the ranks of the homeless with bacteria.

So, inevitably, I over-cooked both turkey and stuffing and spent the rest of the day apologising to bemused homeless gentlemen for the fact that my turkey's breast was dry. They ate all without complaint, and even Ruth Long, commandant of our local block association, was charitable

enough to avoid an extended post-mortem. But I knew I would have to do better next time. And somehow, I suspected next time would come all too soon.

For Long - an elderly black lady whose own circumstances are scarcely luxurious - makes sure that everyone who lives in our block of Swann Street gets frequent opportunities to satisfy de Tocqueville. She is never sanctimonious about it, and she never hectors: she relies on good old-fashioned guilt to motivate recruits.

And because of her and millions of other relentlessly charitable individuals, American volunteerism continues to thrive. Because of them, half of American adults volunteered at least two hours a week of their time in

1995 - or at least said they did. But even if the pervasive civic culture encourages lying on this score - for who would dare admit to slothful selfishness? - the figures cannot all be fictitious. According to a recent survey, Americans donated 20bn hours of their time last year, a 4 per cent increase over 1993.

Meanwhile newspaper columnists and politicians will continue to bemoan the demise of civic America. They will continue to cite the seminal 1965 essay called *Bowling Alone*, by a Harvard government professor, Robert Putnam, which uses the decline of the American bowling league to predict the collapse of democracy as we know it.

But every now and then, someone will remind Putnam that it is as difficult to "bowl alone" as it is to play rubber bridge or chess on your own.

Someone will also remind him about adopted highways and charitable turkeys - and about neighbours. And maybe one small voice will say that, even today, de Tocqueville would be proud.

## The sheriff sends a squad car to pick up civic-minded citizens

pumpkin pie dough. Inspired by this spectacle of muscular American virtue, I resolved to brave clammy turkey skin and malodorous giblets, to stuff, truss

Teresa Hale had warned against the raw fish when we spoke on the telephone, but assured me that otherwise, Japanese food "digests beautifully".

Hale is an expert in such things. She has just written *The Hale Clinic Guide to Good Health*, an illustrated encyclopedia of ailments and remedies. Migraine? The book recommends a cup of cold tea made from rosemary, peppermint, lemon balm, sweet violet flowers and feverfew. Kidney stones? Try energy healing. Warts or verrucas? Try acupuncture. And if those remedies don't work, she can suggest dozens of others that might.

So what's wrong with the fish? I ask when we are seated at the Miyama Japanese restaurant in Mayfair.

"I think there are parasites in it. I can check with the colonic irrigators when I get back to the clinic, and phone you back this afternoon." I laughed, although it was clearly not a joke.

Nine years ago she founded the Hale Clinic, which has grown into a sprawling complementary health supermarket where 100 practitioners dispense 30 treatments ranging from acupuncture to weirder ones such as Buteyko, tangent therapy and Ayurveda.

Hale certainly does not look weird. With her long bleached hair and tight fitting, shiny business suit she looks like an older, plumper version of Pamela Anderson. Neither does she seem it: she has the friendly cheer you would associate with someone in marketing or PR.

But when she chose her meal it was clear that she was not so normal after all. "I'll have seaweed and cucumber marinated in rice vinegar, and then the aubergine. Do you have brown rice?" she asked the waitress. "No? Well, white rice then. You see, I'm actually not that strict about what I eat." I said I'd have the fish, and pray my colon was up to it.

Presently, Hale's first course arrived, looking like something dark and knobby in a sea of green slime. She admitted that the "viscals" could be improved on, but insisted that it tasted fine.

Is it possible to take all this diet stuff too far? I asked. If you feel healthy and happy, whatever you eat must be suiting you?

"People may think they are not doing damage, when in fact they are. You can eat healthy food, but gobble it and not digest it. I tend to eat too quickly," she said, slowly picking at her seaweed. "You should see a nutritionist who would take your history, and an acupuncturist who would know from your pulse if your liver was working properly."

One of her experts would be able to tell me what sort of food suited my stomach. Some people are advised to eat only raw food. Others should eat only cooked. "Everyone is different, and different things work for different people."

Whatever she eats is evidently doing her no harm: the two of us she looked in far better condition despite being at least 10



Teresa Hale: "We have an image of treating the rich and famous, but it's meant to be as many people as possible"

## Lunch With the FT

# Raw fish please, but no parasites

Teresa Hale, founder of the Hale Clinic, tries to help Lucy Kellaway appreciate the point of complementary medicine

years older. The trick turns out to involve more than just eating green slime. "I meditate every morning for half an hour, and then do some *gigong*," she explained.

Some what?

"It rouses me, and brings me down to earth. I eat well. This green tea..." she takes a sip... "is very good for your digestion. I occasionally have a *Marma* massage if I feel tense. I rarely ever feel I have a cold coming on, but if I do I have acupuncture."

It is this casual shopping list approach to health that I find hard to appreciate. The number of remedies seems implausibly large. Take epilepsy: possible treatments include energy healing, acupuncture, allergy treatment, homeopathy and buttercups.

Politely Hale explained that I

seemed to be missing the point of alternative medicine, which is not to tackle symptoms but to achieve harmony and balance overall: if you live by natural laws you will be healthy. Thus, each of the cures is a different way of finding balance.

Then we exchange a few stories. She tells me about some miracle cures. The people whose asthma has been cured by the shallow breathing learnt from the Buteyko teacher, the man who has recovered from motor neurone disease, and so forth. In return, I tell her about the lack of success of my own few brushes with alternative medicine. I discount her stories as coincidences and freaks, she discounts mine as the product of poor practitioners.

Faced with my barrage of negative remarks she continues to smile and talk about personal

choice. "You didn't like art therapy? That's fine! It wasn't right for you! You're not a visual person! You have to find out what's right for you."

"You should try Hellerwork."

One of her experts could tell me what food suited my stomach

It's very deep. It restructures your whole body."

But I protest that I don't want my whole body restructured.

Our second courses arrive, mine a pretty arrangement of yellow

and white oblongs, Hale's a mush which looks similar to the first course, only brown.

"Interesting," she declares.

Most of the people she treats at her clinic are those for whom conventional medicine has failed; sufferers from chronic fatigue, backpain, cancer. I point out that they are desperate, and suggest that as such are prepared to try anything.

She will not have it that she is encouraging patients to grasp at straws. "There is a lot more research into complementary medicine than people think. They also forget that there is a level of uncertainty in medicine in general."

Surely some things are more uncertain than others. Take Moor Therapy, which according to her book, involves smearing the body in the black oil from a stretch of

Austrian bog land. She laughs and shrugs. I ask if there are any treatments too wacky to offer.

"One woman came to see me who walks on backs. She ties ropes to a wall and then walks on backs. She had done a six-week course. I know they do this in India and it's successful, but I felt her course was not long enough."

We discussed the absence of any training in complementary medicine to medical school and the reluctance of most insurance companies to pay for the treatments, which at the Hale Clinic cost between £25 and £80 a session. "We have an image of treating the rich and famous, but it's meant to be as many people as possible. I hope eventually we'll be able to get National Health Service contracts."

We are each brought a tanger-

ine on a white plate. I watch as she meticulously peels off every bit of pith. "Business and medicine are not good bedfellows," she says. "You have to put the patient and their treatment first, but you have to make money too. It's very difficult to balance."

She finds the balance so hard that she has given up her former career as a yoga teacher. "It's a different energy. When you are trying to make things happen you push forward. When you are teaching meditation, you are laid back," Hale said.

I asked for the bill, and there was just time for her to invite me into the clinic to try out the new physio-acoustic chair.

She didn't phone that afternoon to tell me about the parasites. But as I was suffering no obvious ill effects I did not call her, either.

The city lights glow noticeably dimmer as you cross the Kototai Bridge to the eastern bank of the Sumida river and enter Mukojima, one of Tokyo's few remaining traditional entertainment districts.

Down the narrow streets of the Mukojima *karyukai*, or "flower and willow world", as entertainment districts are called, quaint shops and discreet Japanese-style restaurants, shielded by high walls or plots of bamboo, can still be found among the convenience stores and parking lots that are increasingly crowding out the old Japan.

In the evening dusk, kimono-clad women hurry to work. They pass small street shrines and lanterns hanging outside the restaurants, evoking an era when men with time and money to spare would cross the river by boat to dine in style and be entertained by geisha.

To most people Mukojima - "the island on the other side" - is an exotic world, irrelevant to

# Caught in an unwelcome spotlight

Michiyo Nakamoto on the bureaucrats enjoying illicit entertaining in one of Tokyo's old districts

daily life. But recent revelations that elite bureaucrats from several government ministries have been lavishly entertained at Mukojima's expensive *ryotei* - Japanese restaurants - by less than scrupulous individuals, have focused attention on the district.

Most recently the *ryotei* have been identified as the haunts of men such as Junichi Imai, an Osaka oil wholesaler who was arrested last month for tax evasion, and Hiroshi Koyama, a seafood businessman who was arrested for bribery.

The Japanese public has been shocked to read about parties hosted by Koyama and Imai and attended by influential bureaucrats.

Nobuharu Okamitsu, the former vice-minister of the

Health and Welfare Ministry who was arrested this month for taking bribes, and Hiroaki Taya, former director of the Ministry of Finance's budget bureau, who left after revelations that he had been entertained by businessmen in the financial industry, were among countless high-ranking bureaucrats and politicians with a penchant for Mukojima.

To add to the public ire, the recent bribery scandals at key ministries have highlighted the fact that bureaucrats have been entertaining themselves and government party members at public expense. A meal at a *ryotei*, complete with sake and company of a geisha, can cost about ¥70,000 (£370) a head.

"When the Liberal Democratic party was still in absolute power, several members of my

department took LDP party members to a *ryotei* in Mukojima. We did it to please them, so that legislation we wanted to get through the Diet would not come up against problems," said an official at the Ministry of International Trade and Industry.

"I have also heard of Mitt people taking officials from the finance ministry out to Mukojima. They do it because the finance ministry controls the budget."

There is widespread disbelief that in an age and city that boasts all manner of refined pleasure, Japan's elite should reveal a fondness for an area with a scandalous reputation; Mukojima is known as one of the raunchiest of Tokyo's seven "flower and willow worlds".

"Even in earlier days, Mukojima was considered lower

class, in comparison with the entertainment districts of Shimabashi or Ginza," says Kenji Kosugi, a science-fiction writer who grew up in Mukojima. Because of its location far from the centre of town, "Mukojima had to be innovative in order to attract customers". In the past, the *ryotei* of Mukojima displayed their creativity by training their geisha in the kind of skills that more self-respecting geisha would not deign to acquire.

But Mukojima has also managed, in a different way, to show its creative capacity to survive.

As the number of young Japanese women interested in becoming geishas has dwindled, the resulting drop in customers has meant that many *ryotei* have had to close their doors.

Status-conscious establishments have carried on with geisha who are accomplished in traditional song and dance, even as they have grown older and less likely to draw in the crowds.

But, nine years ago, Mukojima's *ryotei* broke with tradition by offering part-time work to attract young women unwilling to make the commitment to a nocturnal lifestyle. They were no longer required to train in the traditional arts, but simply to pour drinks, play games and provide pleasant conversation. As a result Mukojima gained a reputation as a place where young geisha could be found.

The privacy offered by its distant location was another factor in Mukojima's favour.

Japanese politicians and businessmen have a history of making deals in the privacy of a *ryotei*. For the *ryotei*, the patronage of many of its best customers depends on absolute privacy - the most exclusive do not take customers without an introduction.

As more central night spots, like Akasaka or Shimabashi, attracted younger crowds and media attention, the seclusion of Mukojima increasingly made it the choice of those wanting to clinch secret deals or, like many a disgraced bureaucrat, just have some fun out of the public gaze.

In response to the outcry, the government has compiled a code of ethics prohibiting civil servants from being entertained by those in the industries they have influence over.

The latest events are bound to effect Japan's flower and willow worlds during one of the busiest seasons. But Mukojima can be expected to produce another innovative solution for survival.

A CHRISTMAS THRILLER

# Collateral Damage

A Christmas financial mystery in five parts by thriller writer Peter Tasker, Japan strategist for Dresdner Kleinwort Benson and author of *Silent Thunder* and *Buddha Kiss*.

The story so far:

Charlie hears that her colleague Piers Montagu, an investment manager, is dead. At Piers' funeral are his wife Susan, Charlie, and her assistant, Natasha.

It emerges that Piers had mysteriously made huge investments in aluminium which threaten to bring down Berwick Brothers bank.

Clues have taken Charlie to Hong Kong and a company called Lucky Snake, run by Alexander Wu, who had cultivated close links with the powerful Mitsukawa conglomerate of Japan.

Charlie manages to obtain a computer disk from Wu's house but is caught by a bodyguard dressed as a clown.

The results of the *Collateral Damage* competition will appear in Monday's FT.

CHAPTER FIVE

Charlie tried to yell, but the only sound that emerged was a gurgle. The clown shook her, hard enough to make her dizzy, then squeezed again, his thumbs digging into her windpipe. Charlie kicked and squirmed, eyes swimming, the blood pounding in her ears.

The clown forced her back against the wall, his face just inches from hers. Fluffy wig, red nose, nicotine teeth bared in a grimace. Charlie flailed at his face, and her fingernails left trails in the white greasepaint.

The clown sneered salivastings and thrust a hand above his head. A throwing knife appeared in the palm. Charlie wriggled desperately, but the remaining hand had a grip of iron.

"Hoi!" A shout from nearby. Instinctively, the clown's head turned. Charlie took the moment and used it, pushing forward from the wall, sending them both reeling off balance. As they tumbled to the ground, she

"We do everything," said Charlie, picking the vegetation out of her hair.

At that moment Alexander Wu appeared at the corner of the house. He gave Charlie an icy stare, then barked at Donald in Cantonese. Donald pointed at the prone figure of the clown and muttered something that sounded vaguely apologetic. Alexander turned to Charlie.

"You again," he growled. "I thought I told you to get off my property."

"Don't worry," said Charlie. "I'm on my way. Donald has kindly offered to drive me to my hotel."

The clown gave a low groan and rolled over on to his back. Trails of blood were running over the white greasepaint. Charlie grabbed Donald's arm and made for the gate.

Donald's Rolls-Royce was cruising through Happy Valley when a call came through on the mobile phone on the dashboard. Charlie's hand closed around it a split-second before Donald's.

"Let me take that for you," she said.

She lifted the phone to her ear. Alexander's voice was buzzing angrily.

"I'm sorry," said Charlie, stroking Donald's cheek with a forefinger. "But your brother is not available now. And he's quite capable of making his own decisions on how to spend the evening."

She switched the phone off, tossed it on to the back-seat, and gave Donald a radiant smile. "I don't want anyone to disturb us tonight," she said silkily.

That worked almost too well. Donald wanted to go straight to his apartment. It was only with great difficulty that Charlie managed to convince him that she had to pick up something essential at the hotel.

Donald waited in the car while Charlie dashed up the steps. As she rushed through the revolving door, she glimpsed him reaching round to pick up the phone. She made a single brief call, finishing it just as Donald leapt out of the Rolls.

By the time he had burst into the crowded lobby, Charlie was already hurrying out through the back exit. She raced across the blaring traffic of Nathan Road, through a warren of shopping arcades, then pulled open the door of a taxi and dived inside.

Ignoring the protests from the long line of outraged tourists, she rapped out her instructions to the driver. Her luck was in - the man had perfect English. Charlie slumped back in the seat and closed her eyes.

Twenty minutes later, she was sitting in Alan Lau's high-rise apartment, a large mug of Irish coffee in her hand. Both of them were gazing at the screen of his personal computer in absolute astonishment.



Charlie switched off the phone and said: 'I don't want anyone to disturb us tonight.'

lunged with her knee, using her momentum to drive it home. The clown gave a grunt and doubled up into a ball. Charlie rolled free.

"Charlie! Are you alright?" Donald ran forward, put out a hand to help her up. Charlie staggered upright, sucking in air in huge gasps. She pointed a shaky finger at the clown.

"What's going on?" said Donald. "I've been looking for you everywhere."

Before she could summon the breath to explain, the clown jumped to his feet and charged forward, face contorted with rage. Donald grabbed his arm, swung him round, and smashed his head into the wall.

The clown gave a bellow of shock. Donald pulled him back and did it again, this time harder. The clown slumped to the ground, where he lay motionless, like a giant rag doll.

It took a few seconds for Charlie to collect herself. "That's pretty good," she croaked. "Perhaps you should try kung fu films."

Donald nodded solemnly. "I've been thinking about that," he said. "Does your bank do movie stuff too?"

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It was early afternoon in London when Charlie's call came through. The lordly gardener had just returned from feeding the swans. He sat on a stool in the scullery, his mud-caked boots resting on the grate, while Charlie gave a succinct account of her findings.

"You're telling me that Montagu was involved in an organised cornering operation?" he said finally.

"More or less," replied Charlie. "The trading pattern that we found on the disc suggests that Mitsukawa had been manipulating the price for years, tipping off their Chinese friends in advance. But in this kind of operation you always need a patsy - a final buyer who will come in at the top. That was the role assigned to Piers Montagu and Berwick Brothers."

"And what happens next?" "Next, Wu's people will liquidate their positions completely, leaving us high and dry. Since the price of aluminium has completely lost touch with reality, that's bound to provoke a crash."

"Sooner rather than later, I suppose."

"After what happened today, I would say very much sooner."

The lordly gardener scratched at a chalk mark on his corduroy trousers.

"So what do you suggest we do, dammit?" "We get there first," said Charlie crisply. "We will take a big hit on Piers' money, which is never coming back. But Wu's people and Mitsukawa haven't cleared all their aluminium positions. We will cover our losses and much more by beating them to the punch."

This is the best short-selling opportunity since the ERM crisis of '92.

The plan involved Charlie staying up all night in Alan's flat, gulping down coffee and adding considerably to the revenues of Hong Kong Telecom.

She dealt first in London and then in New York. Using a number of different brokers, she sold steadily, unrelentingly, until the sun rose over the South China Sea.

She dozed for a few hours on the tiny balcony, made a

By the end of the day, aluminium was falling to new lows. And that was just the beginning.

few calls to head office, then when trading opened in London, she was there again. She ploughed money into put options and the profits doubled, trebled - and more - as the aluminium price fell through the floor.

Later on in New York, a large buyer appeared and the market tried to rally. Charlie used the opportunity to short even more aggressively. By the end of the day, aluminium was plummeting to new lows. And that was just the beginning.

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Reuters - "Aluminium suffered its third heavy loss in a row, despite calming statements from the Association

of World Metal Users, which described the recent price action as 'purely speculative'."

Metal Newswire - "Yesterday, industrial metals were pulled down by another sharp fall in aluminium. Traders were at the market's response to bullish news of large inventory drawdowns."

AP - "The metal is now in free-fall," said one white-faced trader in the aluminium market. Reports of upward revisions to surging Chinese demand had zero effect."

□ □ □

Early on Monday morning Charlie was sitting opposite the lordly gardener in his private office at the top of the tower. His smooth features were creased into a quizzical smile.

"This bank owes you an extraordinary debt, young lady. If it hadn't been for your efforts, we would be shutting up shop at this very moment. It would be on every front page in the world."

"It was a team effort," said Charlie modestly.

On the wall behind him was a collection of family portraits. Charlie recognised a few: his father who had organised the Bank of England 'lifeboat' in 1973; his uncle who had led the City's first hostile takeover; then a few generations back, a grim-looking chap whose South American escapades almost brought down the Gladstone administration.

"Perhaps so. Still, if there is any way in which I can express our gratitude, don't hesitate and all that. For example, I suppose you know that Denis Moore is

going to be spending a lot more time with his family. If you cared to make an application for his position, it would be welcomed most warmly."

"Not really my cup of tea," said Charlie. "But there are a couple of points that you might be able to help with."

"Your wish is my command," said the lordly gardener with an airy wave of the hand.

"Well, first of all I'd like \$300m."

"What?" Charlie enjoyed that. It was the only time that she'd seen the man looking, in one of Piers Montagu's favourite phrases, seriously gobsmacked.

"I'm planning to set up a hedge fund operation," she explained. "Something that would let me try out some rather more aggressive strategies. I wondered if the bank would be interested in using me as an outside manager."

For a few seconds, the lordly gardener studied the back of his well-manicured hands. "What a capital idea, Charlie," he said finally. "In the sad event that you were to leave us, I would certainly value the opportunity to maintain a close relationship."

"Excellent. Oh, and there was one other thing. It's rather trivial, actually."

"I'm glad to hear it."

"Your wife is on the Arts Council, isn't she? The reason I ask is that there appears to have been a small oversight in next year's funding plans."

"Often happens," nodded the lordly gardener gravely. "And easily rectified. I shouldn't wonder."

Glancing at the portraits on the wall, Charlie fancied that the one he most remem-

bered was the man at the very top: a bewigged bouncer who had prospered mightily from the Napoleonic Wars.

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In a snowy garden somewhere high above the Kanto plain, the Praying Mantis lowered himself into an open-air bath of ferociously hot water.

Nodding a greeting to the bath's only other occupant, he lay back to contemplate the scene: the cluster of

Unusually, Natasha was going to miss the office party. 'It's my mother,' she explained. 'I must go.'

wooden buildings that made up the spa village, the gibbous moon, the frozen bulk of Mount Fuji in the distance. It was a fine backdrop for the annual 'forget-the-year' party of the SIO Club.

Recently the club's gatherings had been getting smaller and less frequent. The graduating class of Showa 10, known elsewhere in the world as 1935, was being progressively thinned out by the passage of time. Many familiar faces had gone to meet their ancestors.

Still, the Mantis always enjoyed these occasions. They gave him an excuse to reminisce about simpler, better days when human beings could be relied on to act with total sincerity. They also

gave him a rare opportunity to talk on a *homme* basis, without pretence or reserve, to men of the same level of experience and knowledge.

"This was a difficult year," grunted the Mantis, spreading out his stick-like limbs.

"Every year becomes more difficult," said the other man. "Without a guiding hand like yours, this country would already have collapsed."

The Mantis nodded wearily. "But without your help, my efforts would come to nothing. If widely known, this incident could have serious international consequences."

The other man did not deny the compliment. There would have been no point. Partly because of his pale fleshy appearance and partly in recognition of his extraordinary powers of obfuscation he had been given his nickname: the Squid.

An ex-bureau chief at the Ministry of Finance, ex-head of the Fair Trade Commission, and ex-member of the Sumo Association's ranking committee, the Squid had spent the last 10 years as an advisor to a long-established Japanese trust bank.

It was a fortunate appointment. After the collapse of the "bubble economy", he had worked tirelessly to conceal the bank's vast holdings of bad loans and to avert any investigation into what had actually happened to the money.

"I am not a dreamer," said the Squid. "But I can understand the lure of dreams. To bring together Japan and China - the technology, the capital, the people - no force on earth could withstand such a combination of

Continued on next page

سكس في الليل

PERSPECTIVES

Fishing

My kingdom for a salmon

Tom Fort braves the Arctic weather with a hope and a prayer for Scotland's finest

Autumn salmon fishing is not for the ill-livered. There may be days when the breeze comes softly from the south, and there is real warmth in the sun. But they are outnumbered by those of wind and rain and Arctic cold, on which life for the angler is hard.

For some reason, appeals for sympathy from the vast, ill-informed, non-angling population tend to receive a dusty response. If it is such an ordeal, these unkind souls comment, why do it?

The reason is that on a handful of Scottish rivers - chief among the great, the marvellous Tweed - this is the time of the real salmon run. And men are happy to pay king's ransoms for the chance to endure all that discomfort and get a slice of the action.



to be informed by our host - "a man of notably pessimistic outlook" - that conditions were well high perfect. The water had been high, but had come down to an ideal height. Fish had been showing in numbers. The harvest was ready to be brought in.

That was on the eve of our day. Next morning, I became aware of horrible things happening outside my window. Tree tops were bent. Leaves were flying around in mad dances. Clouds were hurtling from one side of the sky to the other.

cursed, back, wrists and shoulders protesting. I occasionally, very occasionally, delivered the fly to Malcolm's satisfaction. As for him, I do not know how he did it; nor how he found the breath to berate me genially for my ineptitude. He was stretched to the limit to keep the heavy wooden craft steady as we came down to the lies. Underneath his coat, he was damp with sweat to the skin.

Schemer who shaped Malaya

The biography of Sir Frank Swettenham suggests much is unchanged in 100 years, says Philip Bowring

Kuala Lumpur: The topping out of the world's tallest building has placed this city in the global consciousness. Paris may be more beautiful, Cairo more ancient, New York more vibrant, but the twin 88-storey, 450m towers of the Petronas Centre have handed to Malaysia's capital a record held for a century by America.



Kuala Lumpur in the early 1880s consisted of the huts of Chinese tin miners

Notwithstanding that Guinness is brewed here, this headlong pursuit of places in the Guinness Book of Records may be surprising to those whose vision of Kuala Lumpur is of a green, unburied, garden city. Actually, despite traffic jams and bouts of pollution it still is - at least compared to its Asian mates such as Manila, Bangkok, Jakarta.

Swettenham, by H.S. Barlow. Published by Saunders

another man. He failed in his first attempt to divorce her, but finally succeeded, when she was 87-years-old, after she had been committed to an insane.

At one level Swettenham was an archetypal colonialist. He pushed for encroachment by the British on the affairs of the Malay sultans and furthered British and immigrant Chinese commercial interests at a time when tin was a boom metal and plantation agriculture offered boundless opportunities.



Sir Frank Swettenham helped transform the peninsula

The conversion of what was the city's racecourse into the world's tallest building is a monument to the drive of Malaysia's prime minister, Dr Mahathir Mohamed, to industrialise

his nation. But to those of a historical bent it is also a reminder of how far Malaysia has moved, not just during Mahathir's 15 years, not even since independence in 1957, but since a 21-year-old Frank Swettenham arrived in Kuala Lumpur in 1872.

It then consisted of the huts of Chinese tin miners extracting alluvial tin from the land around the Klang and Gombak rivers. It was effectively ruled neither by the Sultan of Selangor, in whose state it fell, nor by his British "protectors".

He was instrumental in creating the conditions for the rapid development of Malaya's plantation and mining economy. He was also responsible for moving the Selangor state capital to Kuala Lumpur in 1880, and seeing that it became the capital of the FMS, when it was set up in 1896. He even had a role in creating the KL racecourse.

Although he never returned to Malaya after 1903, he remained active in its affairs from London as an investor in rubber plantations and as a thorn in the side of the Colonial Office until his death in 1946, aged 96.

Barlow's 780-page study of Swettenham suggests many things have not changed on the Malay peninsula in the past 100 years. Dubious commercial deals, sex galore, official arrogance, endless politicking and much partying go together with boundless optimism, immense energy, an explosion of development and the subordination of racial antagonisms to the pursuit of general prosperity.

A CHRISTMAS THRILLER

Collateral Damage

From previous page power. The arrogance of westerners would be broken for ever.

"Dreams fade at the coming of daylight," said the Mantis, his knees tucked under his bony chin. "This joining of power that you mention may happen or not. We must weigh the balance of advantage step by step. Irresponsible acts must certainly not be allowed to risk all that has been achieved."

Unusually, Natasha was going to miss the office party next day. "It's my mother," she explained to Charlie. "She's had some kind of a fall. I have to go back to Moscow."

At nine o'clock the next morning, Charlie was on a flight above the North Sea, the FT on her lap. She skimmed through the news. Commodities markets were finally stabilising. Ken and Eddie couldn't agree again, and Lex was still bullish on sterling. In China, the son-in-law of a top party official had been arrested for unspecified "anti-patriotic activities".

Europe. She remembered the place well from the high-voltage conference that she had attended there three years ago. It had a sumptuous Art Nouveau decor, including some of the finest Jugendstil stained glass in Europe. One of her colleagues had accompanied her on that trip. He had made jokes after joke about the blue movies on the pay-TV system.

waitress gave a little giggle. "Ah yes. In Holland we understand such things." Charlie slipped on the hat, then pushed the trolley down the corridor, giving it a good rattle when she arrived at room 909. She knocked on the door.

which they did. Then six years later they needed someone to help out with a little money-laundering scheme. Piers had no choice but to agree.

How did you work all this out? "He told me most of it himself, and Natasha told me the rest. You see, when the bank survived the aluminium crash, Piers' £20m pay-off went up in smoke. He got in touch with Natasha to find out what was going on. When she told him, he knew he had to come up with a Plan B pretty damn fast."

Bloomberg - "After 10 days of turmoil, an uneasy calm returned to the LME yesterday. Aluminium was quiet, and traders reported little interest on either the buy or the sell side. It looks like the panic is over," according to one nervous trader.

There was Natasha down below, arm in the air to hail a cab. Charlie shoved the window open and was just about to shout down into the roar of the traffic when suddenly something clicked in her memory. She glanced at the scrap of paper again to be sure.

Charlie peered through the peep-hole at Charlie's bowed head, then undid the chain

reported to have made large pay-offs to organised crime groups, and Mitsukawa Electric Industry had been ordered to recall half a million "potentially hazardous" air-conditioning units. All in all, not a good day for the Mitsukawa group.

Ice-bucketed in the kitchen was a magnum of Krug 1969, courtesy of Piers Montagu

make money out of it. What he did was to set up a Liechtenstein Trust for himself and use it to go massively short of the bank's own stock.

Amos sniffed at the pie dubiously. "I'm not sure I understand," he said. "Shorting means selling stock you don't own. So you have to be pretty confident that the price is going to fall - just as I was with aluminium."

told him that he'd better keep his head below the parapet for the foreseeable future. Or else he would have problems of an extremely structural nature. "Meaning what, exactly?" "Meaning that some powerful people in east Asia would be given the full story. And seeing how they silenced the nina, that was no idle threat. In fact it rather spoiled his Christmas, I fancy." Amos gave a grunt of approbation and dabbed at the last crumbs with his finger. Just then the telephone rang. Charlie picked up the receiver and handed it to Amos. Then she watched as his bemused expression was replaced by a huge smile. When he put the phone down, he gave a whoop of delight and lifted her in the air by the waist. "Has something happened?" asked Charlie, innocently. "That was gallery I told you about. They're going ahead with the exhibition after all!" Charlie smiled. "That's wonderful news. You're on your way, Amos. Ninety-seven is going to be the breakthrough year for you."



HOW TO SPEND IT / FASHION

# Laughter keeps Alaia flying high

Marion Hume meets a fiercely independent designer who has found fortune despite his refusal to join the hoopla of the couture ranks



From left:  
 □ Flecked tweed tailored jacket with matching trousers, price on request. Available from Azzedine Alaia, 18 rue de la Verrière, 75004 Paris (33-1-42 72 19 19)  
 □ Cropped mink-style jacket encrusted with beading. Available in leather from Joseph, 16 Sloane Street, London SW1 (0171-235 1091), and 77 Fulham Road, London SW3 (0171-823 8500), £4,435  
 □ Stretch, sequined sporty dress with mirrored hem. Available from Joseph (as above), £1,995  
 □ Full-length silky shift dress, of viscose knit embellished with sequins. Available from Joseph (as above), £3,965

Illustrations: Richard Gray

Fashion insiders have begun counting the days until the haute couture shows in Paris next month. It promises to be the most exciting season in years. There is the British duo, John Galiano and Alexander McQueen, taking on the challenges of Dior and Givenchy; the mighty House of Chanel expected to go from strength to strength; and names familiar at ready-to-wear, including Jean Paul Gaultier and Thierry Mugler, attempting French fashion's heights for the first time.

One talent will be missing from the proceedings, however. When the governing body of haute couture decided recently to relax some of its more arcane rules, it was hoped that a designer who has long merged handwork with industrial techniques could be encouraged to join in. But the fiercely independent Azzedine Alaia has chosen to remain apart, and reveal his next collection when he is ready. Women who are Alaia devotees will, as ever, be prepared to wait.

A dozen years on from when he was deemed to be at the epicentre of fashion, his customers are still happy to tolerate his caprices and pay high prices for his immaculately constructed clothes. The reason is simple: talent. Alaia, who made his name as the "king of cling"

in the 1980s, works long and hard at a style that is constantly evolving. Nowadays women have learned to buy his expensive clothes not singly, but in multiples, for with Alaia, it really is a case of here today, gone tomorrow. He believes men should look dowdy (he wears Chinese pyjamas every day); that they should give their money to women to look superb. Judging by the speed with which his clothes leave Joseph shops on Saturdays, there are many men and women who share his view.

He lives and works in a converted mattress and clock factory in the Marais district of Paris, surrounded by assistants, well-groomed cats and fluffy dogs. He moved in at the height of his fame, but even though money was needed to patch up the run-down building, he refused to follow the corporate line and turn his name into a brand name. There have never been Alaia perfumes or Alaia eyeshadows.

Only now, when he can do it in his own way, are there licensing plans to introduce eyewear, perfume and jeans collections before 2000. In the 1980s, those licences who wanted to jump on the Alaia bandwagon were crying out for him to broaden his offering. When he refused, there were many who said he had missed his big chance. Behind his back, they called him "Has Been Alaia".

Not that the designer who arrived in Paris from Tunisia in the 1950s cared then, or cares now. Ten years on from the publication of a piece entitled "The Rise and Fall of Azzedine Alaia" in the powerful trade bible, *Women's Wear Daily*, the designer labelled a yesterday's man is laughing - something other designers rarely do.

Those who did join the superleague are weighed down with responsibilities: of main line, cruise line and diffusion collections to produce, and licences, shareholders and journalists to keep sweet. Not so Alaia, who only designs clothes for women and even then not necessarily for two collections a year.

And having a journalist around is not a corporate chore, but the chance to play jokes and tell stories. But there are serious questions to be asked. Does Alaia, who was never seduced by the huge hoopla fashion show, feel vindicated now that designers from Saint Laurent to Calvin Klein are following his lead and turning away from the big productions?

"Those shows never made sense. They were not to the advantage of the clothes and why have all that pressure?" says Alaia, smiling. "I refuse to suffer. I've never suffered

in my life because I'll keep that for when I'm old. I never let people impose upon me. If they try, I don't listen. Even if I deliver very late, my clothes sell."

"The supermodels," who are extremely wealthy women, are among his customers. They used to get the clothes for free, in return for modelling in Alaia shows when they were small-scale and private affairs.

"But now, they buy. They

love the English style. I love the craziness, the dotiness. For that, I also love Vivienne Westwood [to whom Alaia let his premises for shows when she was trying to establish her name in Paris]. I admire her work, she knows such a lot about fashion, she knows about cut, about history, about painting, she really has an eye. When I like people I try to help them."

He also likes to play tricks on them. The supermodel Linda Evangelista stopped talking to Alaia after she was called out of bed at 3am for an urgent, last-minute fitting on the eve of a Chanel show. Except there was no fitting and the door was locked. "But I didn't do it. I just gave someone else the idea to do it..." giggles Alaia.

A recent prank target was Narciso Rodriguez, the designer at Cerruti who created Carolyn Bessette Kennedy's wedding gown. "He

invited us for dinner and then on the night, an hour before, I telephoned and changed my voice and said, 'I am Mrs so-and-so, Avenue Foch, and I'd like to send my car and order some dresses'. So he cancelled our dinner. I let him get very uncomfortable before I admitted anything. But everything I say about the Queen Mother, that's not a joke. I would never joke about her."

As to why Azzedine Alaia has not been in any hurry to cash in on the considerable power of his name, he says it is partly because he hates money. "I don't want to be rich, because afterwards I'll be sick because I'll have to leave it all behind to those who have said, 'Let's push him harder so he drops dead'. I don't want that," he says.

are very rich. They can buy the building if they want," laughs Alaia, under whose roof a young Naomi Campbell used to sleep when she was a teenage model in Paris. "And she can still sleep here. Now there are two rooms for the assistants when they can't get home, or for models who want to live here. I live here, sometimes for weeks without needing to go out."

"People come here from London, New York, all the places. The news arrives here like that. I don't need to go to the cinema; people come here and tell me the stories. Or they read me books while I work..."

Sculpture was his first love. "Then I discovered Balenciaga and Dior, and then Vionnet [whose skill at bias cutting is legendary]." Alaia used to spend hours in the Vionnet archive, studying the technique. "What fascinated me was the fall of the fabric, that was really special, modern, inspiring."

"In any case, by that time I realised I was going to be a rather bad sculptor, and I didn't want to be a failed artist. And I was always fascinated by women, their spirit, their way of talking, their elegance, their way of dressing. I met Arletty [who reinforced her reputation as a 'great' of the French cinema wearing a doublet and hose in *Les Visiteurs du Soir*]. She was wearing the first bodysuit I saw, a ballerina's [exercise] top under a tailored suit [long before Donna Karan came up with her versions]. She inspired me a lot."

Despite having built a reputation on tight-fitting clothes, Alaia adores older women. His favourite is the Queen Mother, whose portrait has pride of place on his pinboard. "She is the most elegant woman. So what if perhaps now she does not have a corps sub-

lime. She possesses the epitome of an English sensibility, with those colours, those floral prints, far more chic than Lady Diana."

"I would adore to dress her. I would do just as she wanted, with the same prints; staying faithful to her image and the inspiration of the English garden," says Alaia, who is delighted by an anecdote about the Queen Mother possessing only three handbags - one in white, one in black and one which can be covered, and recovered, in fabric to match her outfit.

Not that he is a stranger to the fruits of wealth. It is clear that Alaia and his business partner, Christoph Weyhe, are canny. While hardly in the Yves Saint Laurent/Pierre Bergé or Calvin Klein/Barry Schwartz league, their building rambles over a large corner of the now-smart Parisian Marais. He behaves like a simple man who is happy to share what he has - his food, his clothes, his home - with friends. All that he asks is that they buy him some dresses in return.

But not just any dresses. What he wants are historically important fashion pieces that occasionally appear at auction, and of which he has an enviable collection. He buys, with the money of benefactors, on behalf of the Museum of Marseilles. When he acquires for his private collection, it is through the considerable generosity of his friends.

"Once in London, there was a Vionnet dress that was coming up for sale and the estimate was not so expensive. So I phoned Joseph [the London retailer] and I said, 'Joseph, do you love me?' He said, 'Of course,' and I said, 'There is an auction. There is a Vionnet dress in it. I would love, and he said, 'Then I will gladly buy it for you'."

"He had never been to an auction, so I told him, 'You don't have to go in person, you can bid by telephone, but don't let the dress go'. But when the sale commenced, the fee went up and up and up past the estimate and I wanted to reach Joseph to tell him to let it go. But he bought that dress [for £23,250]."

"I asked him, 'Joseph, why didn't you stop?' But he was so caught up in the thrill of the bidding, he said he would have gone on until 31m. So naturally, each time there is a sale in England, I say, 'Joseph, do you still love me...?'"

Alaia also owns an important Charles James gown, auction price \$48,500, though he will not reveal who bought it for him. "If my friends need something, I try to provide it. If I want something and I can't pay for it, I think my friends should buy it for me. So now you are my friend, do please join me for lunch one day and give me your phone number."

Others upon whose generosity he has called include supermodels Stephanie Seymour and Naomi Campbell. "With Stephanie [who has earned her own fortune and also married money] I'll say, 'If it gets expensive, I'll pay', and she says, 'No, no, Papa. I want to buy it for you.' But I don't say that to Naomi. I don't say, 'Do you love me?' either, just 'Naomi, you are going to buy me...'"

Alaia learned many of his skills from turning Vionnet

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سكانة الراجل

HOW TO SPEND IT

# Keep your head at the bargain bin

Susan Irvine urges caution at the sales, an event which can transform perfectly normal women into vicious, wild animals

**L**ike being invited to dinner, just as you return from a six-course lunch, sales pop up when you are suffering from shopping indigestion. But like that free dinner, they seem too good to miss. Cashmere slashed? Crockery smashed? Dolce e Gabanna: but pay only for Dolce? We're out there only a few days after the Christmas mêlée, dragging our shopped-out psyches kicking and screaming back into the store.

Every year, women up and down the country resolve "not this year". Every year, they recant and hurl themselves into the battlefield that is the Harrods china department, beating off lethal grannies wielding umbrellas and shopping baskets full of bricks.

Marko Matysik, courier and personal shopping adviser, has sworn off sales for ever after avowing that "perfectly well-brought up English women turn into vicious, instinctive wild animals at sales time: they're like the Maenads looking for stags to eviscerate". He adds: "Little old English ladies seem to strap stilettos on to their elbows specially for the sales."

It is true that even Kate Moss cannot have elbows as sharp as some of the objects that get inserted between your ribs as you are stretching for the Wedgwood cups at this time of year.

"The thing is, we are a nation of bargain hunters," says Rita Brittain, owner of one of Britain's best designer stores, Pollyanna in Barnsley. "Sales don't seem to have the same effect in France or Italy."

Other countries do, however, hold brilliant sales. In New York prices are slashed by up to 75 per cent, and women approach the event with military precision, set-

ting up sales "map-rooms" in the kitchen with little pins stuck into Bloomingdales and Barneys, opening times (8900 hours) and routes between bargain hot spots plotted in red.

At least, they do not queue up the night before with a thermos full of Tetley's and a camp-bed. Shopper's shame to want that fridge-freezer enough to sleep on the streets for it. I have certainly never known any of my friends admit to it, however desperate they are for that Ralph Lauren velvet coat.

Strange that the nation which invented the notion of embarrassment is not covered in shame at chaining ourselves to the portals of Harrods in the cause of cut-price consumer goods. Given that we are not, perhaps we will soon adopt another American sales custom, which has the advantage of being very practical.

"When I worked in America," recalls Deborah Shaw, Harvey Nichols personal shopping guru, "women would come into the stores at sales time wearing huge coats. When they reached the rack that interested them, they dropped the coats. All they were wearing underneath were exercise leotards."

Imagine the average British woman rifling through the walls in nothing but Damart and Reeboks. But if you have the chutzpah, it is a great tip. You do not have to queue for fitting rooms, and you do not get exhausted constantly divesting and re-vesting yourself of layers of clothing. You can just drop and shop in a nano-second.

Not that Deborah Shaw is advising this as a sales strategy. Her advice is the opposite of what you usually hear: "The sales are a fantastic time to buy something

outrageous you wouldn't consider at its normal price."

Her tip for the Harvey Nichols sale is the Ann Demme-meister asymmetrical dresses, one-shouldered, chopped about, and maybe slashed across the chest. "Imagine if your husband is used to you in your basic black and pearls and you turn up in one of these: fabulous." Fabulous it may be with someone like Shaw to guide you at this time when the expression "shopping trip" takes on distinctly psychodelic overtones. Not so great for those, like the mother of a friend, who ven-

**If you have the nerve, the best way to approach the sales is like a game of blackjack**

turned into a Glasgow store with her charge card and emerged with a full-length designer gown featuring a parrot down the front - in feathers.

Why oh why do we lose our heads at sales time? Why when we see two or three women snatching pink crocheted hotpants from the bargain bin do we feel that pack instinct take over and snatch a pair for ourselves? "Only £10!" we cry. Yes, but completely unwearable.

It is those unwearable items, secreted into the backrooms of shops that are dragged out at sales time to hoodwink the gullible. Matysik's advice is not to buy those bizarre jeu d'esprit items. These define a fashion

moment "and by the time of the sales, that moment is history".

Heleen Simpson, one of Britain's best-dressed fiction writers, advises: "Buy good quality classics that won't date". She is particularly pleased with her Aquascutum mac, about £500 normally, and only about £200 in a sale.

If you have the nerve, the way to approach the sales is like a game of blackjack. Pace yourself. Know when to pass on that pair of Gucci shoes, that Prada handbag. As you sweat it out, the prices fall further. If you can bear the tension, and keep putting the item to the back of the shelf every time you go in to the store, it may eventually reach 80 per cent off. In true hunter-gatherer tradition, you can then drag home a trophy, the Gucci shoes that cost little more than the Marks and Spencer slippers.

Is this notion of beating the shopkeepers at their own game that gives the satisfaction of a sales purchase. For once you can go shopping and are not ripped off by 100 per cent mark ups. The risk though is that you rip yourself off by succumbing to the "mad till" disease that turns brains to crumple at this time of year.

Women particularly have a terrible habit during sales of buying clothes in the wrong size "because they're just so good to miss". And because, "I'll diet into them". A friend who helped in a London store's alterations department remembers a girl coming in with a sales jacket and having every seam taken in, at about £30 a seam. It ended up costing just as much as the non-sale version in the right size.

Get the jacket to fit the woman, not the other way round.



## Ten ways to help prevent shopping frenzy

1. "Never buy anything in the sale that you wouldn't also buy if it was full price [and you could afford it]." Strong words from Rita Brittain, owner of designer emporium Pollyanna.
2. "Hire a car for the day with a uniformed chauffeur to ferry you faster-free from store to store."

3. Go in the week before and seek out the thing you most badly want in the sale. Then, on the day, head for this and this alone.
4. Then go straight home before uncontrollable retail feeding frenzy sets in.
5. On no account don a shell-suit and camp out at 4am with sleeping bag and thermos to be first in the queue. When you are spotted thus clothed on News at Ten, your fashion credibility will be in tatters.
6. Beware batches of tat made up specially for the sales or old designs wheeled out again. Lots of shops do this, even highly

7. Be alert to any sudden weakening of your normal resistance to fine green leather or gypsy tassels. If you are flipping into a shopping trance, sober up by exiting to the nearest double espresso.
8. "Don't buy a designer's crazy statement," advises Josephine Turner of A La Mode. "In a sale, go for something in superb quality with style that will last for years." And go to the expensive stores: £30 off a cheap jumper is not much of a bargain, but £200 off a £400 cashmere style is.
9. Bypass the lot for a

10. Avoid the Harrods scrum by placing an advance order on "big ticket" items like furniture and electrical goods at sale prices on certain dates. Account customers get an extra 10 per cent off.

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TRAVEL

Living for today in timeless Rome

Nigel Andrews marvels at the city of broken centuries and unbreakable myths



It would be hard to be blasé about the figures of Christ, St John Baptist and the Apostles sitting above St Peter's

One great truth is learned from world travel - everyone is blasé about his own habitat. Tell a Roman how beautiful Rome is and he gives you a glazed, long-suffering smile. You may be sitting in a penthouse flat surrounded by views of the Forum, the Colosseum and St Peter's and still your enthusiasm will have no effect on your host. "Si, si," he will mutter patiently as he tops up your Prosecco. "And how is your London and your Chon Maycher (John Major)?"

It is 10 years since my last visit to Rome and the city is unchanged beyond recognition. It is hard to believe in a place that keeps its aesthetic and virginity so intact: the Doric Day of world capitals. Since my sunshine hours involved driving around in taxis meeting people for an article on Italian cinema, I spent my nights roaming by cab or on foot, gawping at Rome's non-stop son et lumière display.

The lumiere is the floodlighting that leaves no building without the star treatment. The son - which also seems beautiful after a day or two - is the honking of traffic, rhythmic thumping of tyres over cobbled streets,

throaty shriek of Vespas and babbling to all hours of voices in streets and cafes. Rome must have learned its habit of sleeplessness from the famous occasion when, nodding off during a national emergency, it was woken by the squawking of geese. The site of this incident was near my hotel. In a spare moment of daylight I visited the Forum and next door Capitoline Hill, and learned two things about culture management while in Rome.

Either go without a guidebook and spend an hour heedlessly imbibing the atmosphere - sun-rinsed pillars, beautiful amputated statues, marble friezes telling imperceptible stories. Or go with a guidebook and spend a day.

I found the perfect compromise: half a guidebook and two hours. Several pages of my well-thumbed ancestral Beedecker being completely missing, I had to take on trust the historical fascination of Caesar's Rostra (speech platform) and the Curia (large stone barn). On the other hand, I could serve you a fine running lecture on the Temple of the Vestal Virgins, assuming you could back your way to it through the crowds.

It is possible to enjoy an empty, magical Forum in your own time. I discovered this almost by accident on an early morning walk. At 8am, climb the steps to Michelangelo's Piazza Del Campidoglio - backlit by the diffused rays of a Roman sunrise - and walk down the right side of the Capitoline Museum. Lining the Via del Campidoglio at the museum's rear is a balustrade overlooking the whole Forum. Not a soul is in sight, save the odd worker tinkering with some scaffolding. You can people the entire place with the toga'd cast of your imagination.

In a few precious daylight hours, I also put my hand in the lie-detecting Bocca Della Verità (where Gregory Peck famously roared Audrey Hepburn in Roman Holiday), scouted the Colosseum and strolled through St Peter's.

But there is no need to stay with the obvious. If you are based at the charming Domus Aventina Hotel, whose rooms overlook the courtyard of an old church, you can always walk in the other direction.

Monte Aventino is a leafy backwater where embassies lurk amid magenta clouds of bougainvillea, and pomegranate trees overhang sun-

lit pavements. If you walk north for 10 minutes you are in the Forum. Walk south, though, and you enter the twilight zone known as Testaccio.

This is where the smartest restaurant (three rosettes in Michelin) sits in a cul-de-sac opposite an abandoned abattoir. Checchino Dal 1887 is tucked into the side of a mountain formed entirely, and eye-bogglingly, of broken vases. This area used to be on the coast and when- ever careless dockers smashed a crate of amphorae, circa AD200, they dumped the jars on the same spot. Hence "Monte Testac-

cio": a hill now crowned like any shaghill with trees and bushes, which grow out of an estimated 50m items of broken terracotta.

I did not eat at Checchino's since my hotelier, warning of tourist traps, said I could get the same food cheaper at nearby Perilli's. Fellini used to eat at this vast, noisy refectory abounding with good cheer and not-so-good murals. Like all local trattorie, it boasts authentic Roman cuisine: which means offal, tripe, hooves, heart and anything from the more personal parts of an animal. As a cow-conscious English person I

ate lamb stew (delicious), preceded by a richly oiled *saffron* with wild mushrooms.

It was during this meal, with the greater wisdom brought on by a bottle of Chianti, that I felt I understood what this city is all about. In that great Italian film *Fellini's Roma* cameo star Gore Vidal, playing himself, called it "the perfect city from which to view the ending of the world."

In Rome no one seems to care about the future because they sit on this time-mountain formed of broken centuries and unbreakable myths. If they

eat traditional dishes whose ingredients other countries would hesitate to give their pets, it shows that they put sensible hedonism above irrational squeamishness. And if they stay up all night - since in an Italian city who can sleep with the sound of cars and scooters? - it shows they care not about tomorrow, only about extending today into an honourable eternity.

On my own last day I discovered a dream hidden behind an abbey garden wall. I cannot remember the street's name nor the abbey's. But you will find it by walking south-west of the

Domus Aventina for 84 minutes. Approaching the wall, you will see the far-distant dome of St Peter's, framed in the entrance arch's perfect centre. It shimmers in the blue sky, luminous and seemingly weightless, above the viewing balcony at the abbey garden's far end.

This was the most magical and beautiful thing I saw in Rome. And it was quite, so far as I knew, unknown. At least until I revisited my Roman friend. "Ah, yes, you saw that, did you?" he said with affable indifference, before banishing *la tutta Roma* with another glass of sparkling Prosecco.

Snow, glorious snow - it seems to have fallen abundantly in almost every Alpine nook and cranny on both sides of the Atlantic.

But as so often happens with events of extreme good fortune, there can be a sting in the tail.

On the opening day of the season in Jackson Hole, Wyoming, so much snow had fallen that half the mountain was shut down and the ski patrol was out in force dynamiting the more avalanche-prone areas.

Almost immediately, one of them was caught in a substantial slide and had to be dug out by his colleagues.

It was a graphic illustration of

the down-side of the best start to the ski season for years.

While everyone in the ski industry is rejoicing at the almost staggering amounts of snow that have fallen so soon - "best snow in Europe for 25 years... record snowfalls in Canada, etc" - the phenomenal conditions can also bring potential danger. Not just in the closing days of the year, but late in the season too.

In a "normal" winter, if there is such a thing, the gentler pace of nature, with snowy days alternating with rainy days and sunny days, usually produces a relatively stable base.

This year the snow fell all at once. The deluge created conditions which could cause stability problems later in the winter. It is likely to be a season when extra caution should be taken when skiing off piste.

Ungroomed snow is unpredictable enough at the best of times, but this winter the advice of many snow-craft specialists is to check off piste conditions with the pisteurs or ski patrol. And if in doubt, take a guide.

"Everyone's cock-a-hoop about the snow, so it's as well to remember the dangers," said David Hearn, of the Ski Club of Great Britain.

"We don't want to start scare-

mongering, but it needs to be said that conditions are more dangerous than during a normal December, particularly in North America where so far there hasn't been much of a thaw.

"In Europe there has been a classic freeze-thaw, freeze-thaw cycle which has made the slopes relatively stable in spite of the extra amounts of snow." Even so, some European runs are behaving bizarrely. The resort of Mür-

ren closed one of its main runs, the Kanonen Rohr, because it was moving like a glacier.

Last week, the avalanche risk was around three on a scale of five, which is quite dangerous - one or two is pretty safe, and at four or five there is a very serious danger of spontaneous avalanches. "There is also some slab [heavy wind-blown slabs of snow which creates particularly dangerous conditions] floating

around in the European Alps after high winds at the beginning of December," said Hearn.

"You never really know for certain what's going on under the snow pack, so take local advice and always ski with an avalanche transceiver."

A free holiday in St Moritz is on offer to anyone prepared to raise money for the Children's Nationalism charity, which helps sick children. It is organising a five-day Engadine cross country ski marathon from March 3. The cost is £700 - but anyone collecting at least £2,500 in sponsorship gets their full costs paid, with lesser contributions for smaller amounts. For details, phone 0171-328 2425.

Skiing / Arnie Wilson

Great snow brings avalanche danger

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هكذا من الأصل



TRAVEL



Hippies live in Santa Cruz despite appearance the city is apparently as progressive as anywhere in the US



From time to time as I drive along I get friendly waves and smiles from ageing, unreconstructed hippies heading in the opposite direction...

What struck me as I drove south from San Francisco was the growing frequency of these 'highway encounters'...

Was that really a peace sign being flashed as I drove down the steep hillsides towards Monterey Bay? How extraordinary, I thought - in California, I thought - in California, I thought...

It was, in fact, Halloween. But as the sun sank into the sea behind the town there seemed to be as many weirdly attired adults out on the streets as there were trick-or-treating kids...

Had someone slipped LSD into my latte? Had I fallen through a crack in time and landed back in the 1960s? What had happened to Newt Gingrich, triumphant conservatism and the final defeat of the free lunch? Was this, or was this not, America in the 1990s? Finally, I

Peace and love time warp

Every day is Halloween in Santa Cruz, says Nicholas Woodworth

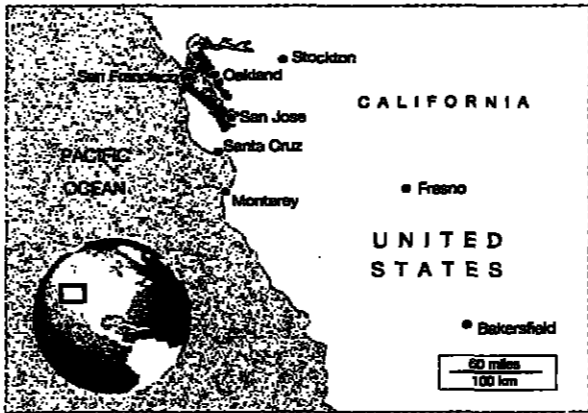
But even odder was the realisation that Santa Cruz has not really dressed for Halloween when I returned to Pacific Avenue the next day...

I sat with a cafe latte in the busy Santa Cruz Roasted Coffee Company and puzzled it over. Wandering in and out were the same tribespeople - bearded hippies, cross-gender dressers and Aquarian spiritualists...

Perhaps they did not. On the sidewalk outside, flying above a stand distributing hot meals free of charge, flew a banner - 'Create a New Society', it said.

Had someone slipped LSD into my latte? Had I fallen through a crack in time and landed back in the 1960s? What had happened to Newt Gingrich, triumphant conservatism and the final defeat of the free lunch? Was this, or was this not, America in the 1990s? Finally, I

could stand it no longer, and phoned the mayor's office. I needed to see someone in authority. A little while later I met Mike Rotkin in front of the City Hall. Not a hippie, he sports the neatest of beards. Not a biker, he drives a modest Kawasaki Ninja motorcycle...



part of the population and youthful ideas have held sway. But what got it all started, he said, was a profound concern for environment that is part of the very basis of the west coast mentality.

California - even conservatives, he said - have always placed a high value on their beautiful natural surroundings and the kind of lifestyle it permits. Until the 1970s, the rough and rugged coastal hills in which Santa Cruz lies had kept industrial, commercial and property developers away.

When the inevitable pressures for freeways, highways, beach hotels and even a nuclear power plant arrived, they were able to build strong grass-roots organisations to fight them off. Rotkin chuckled: 'With a single issue - environment - a progressive coalition was able to hijack the city council; the conservatives had no viable alternative. We've been going strong ever since.'

Communal comforts

Peter Marsh meets the older set who prefer youth hostels

When Margaret Smith and Joyce Wickens, two sisters from Sussex in their 60s, opted for a week's walking holiday in the Lake District, they didn't take long to decide where to stay - in youth hostels.

'Hostels are friendly places. You meet a lot of interesting people,' says Joyce who, in spite of her 68 years, covers up to 15 miles a day carrying her luggage on her back.

In some ways, youth hostels are a bit of a misnomer. The people who tend to use them - especially out of the school holidays and in the more rural parts of Britain - are often into their 40s and older. Another common misconception is that you require a hair shirt to stay in one. But while hardly luxurious, they are more comfortable than many might imagine.

On a recent visit to Cumbria, when I bumped into the Smith and Wickens sisters, I stayed at the Patterdale youth hostel near Ullswater. The view from my room was better than anyone could reasonably expect from a five-star hotel: a stream trickling down to the lake, a field of cows and mountains rising in the distance.

For less than £20, I got a bed for the night, a superb evening meal and large cooked breakfast, plus a packed lunch for the next day's walking.

Margaret Boothroyd has been Patterdale's hostel warden since 1971. She has run youth hostels for 40 years, most of this time with her husband, Joe, who died four years ago. She has seen youth hostels rise and fall in terms of fashion but, perhaps paradoxically, broadly retain their appeal for the older generation.

Boothroyd, who is 60, says youth hostels are not that popular among 18-to-26-year-olds. 'Either they can't afford to stay in them, or they want Benidorm [in Spain],' she says.

There are 240 youth hostels in England and Wales run by the Youth Hostels Association, a charity with an annual turnover of £25m

You are likely to be allocated a bunk bed in a dormitory with up to 20

them to the full. You meet people like Gordon Readyhough, the 68-year-old leader of the Arnsdale Scramblers, a walking club near Lancaster.

When I met him, Gordon was accompanying his son David on part of the coast-to-coast walk across northern England. Gordon, with a chirpy manner and ready wit, has been a youth hosteller for most of his life and is rarely away from the Lake District for more than a fortnight.

The communal aspect to hostels spills over from meal times to the sleeping arrangements. You are likely to be allocated a bunk bed in a dormitory with some others - up to 20 at a time, depending on the size of the rooms and how busy the hostel is.

The air of wholesome, but unforced, frugality about youth hostels is appealing, particularly to anyone who frets about the excesses of modern life.

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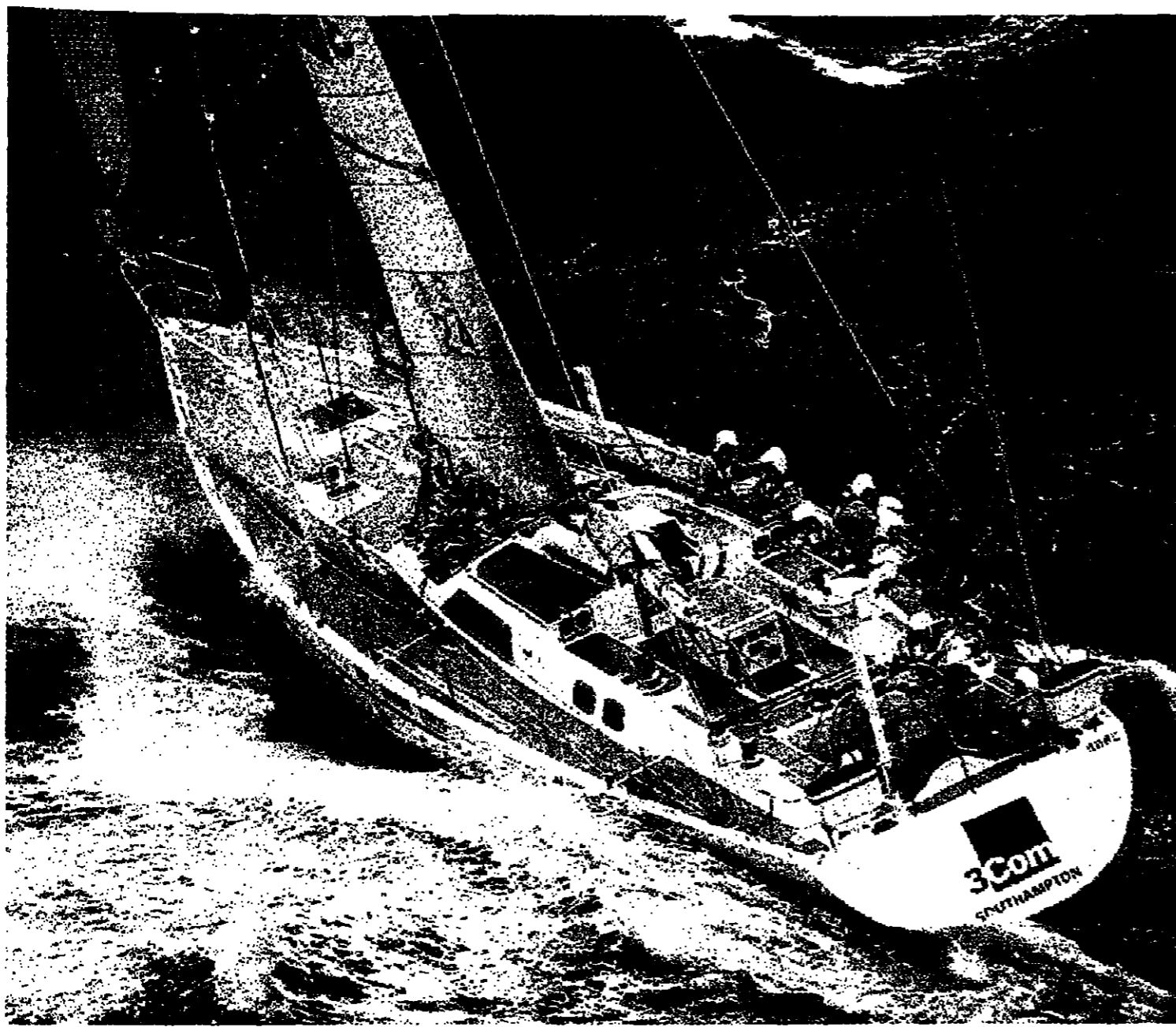
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OUTDOORS



Racing on a sail and a prayer: 3Com's crisis meant plans for an extended leg were dropped

## Humanity has its moment in an unforgiving ocean

Richard Donkin reports on a moving rescue mission in the southern ocean

Richard Donkin is competing in the Rio to Wellington leg of the BT Global Challenge round-the-world race.

The co-ordinates 55 degrees, 40 minutes south, 112 degrees, two minutes west mark the exact spot in this empty quarter of the globe where our yacht, *3Com*, very nearly came to grief.

Hard sailing in a 40-tonne boat through pummeling winds and seas puts enormous strains on equipment. Sometimes something gives. As the crew struggled to retrieve a broken cable and a forestay hanging over the side, David Tomkinson the skipper confessed: "There are two things in ocean racing that put your heart in your mouth - a man overboard and the loss of some rig."

The race headquarters warned other boats to check all rigging and dropped its plans to extend the Rio to Wellington leg that would have deliberately delayed the arrival of the fleet in New Zealand to ensure that reception plans went smoothly.

Increasing hardships mean the battered fleet taking part in the BT Global Challenge is closing on its Wellington destination with a huge sense of relief today, after the southern ocean lived up to its fearsome reputation on this gruelling 7,000-mile leg of the round-the-world yacht race.

Plotting the course of the 14 boats on the stark white navigational chart that represents the Southern Ocean has been like watching small boats competing to reach a cabbage leaf.

Two boats, *Concert* and *Time and Tide* were forced to divert to the Chatham Islands, 400 miles closer to the fleet than New Zealand. *Concert* lost the top of its mast and *Time and Tide* had an injured crew member.

The rigging problems suffered by about half the fleets, most seriously by *Concert*, emerged first on *3Com* when we lost our forestay in mid-ocean. At a first inspection our position in the race appeared hopeless. The damage seemed irreparable. We were racing on a sail and a prayer. The best we could hope for was to limp back with a makeshift rig and reduced sail well behind the rest of the fleet. The worst, we preferred to leave to our private thoughts.

The forestay acts like a guy rope on a tent. It is crucial to the structure. Challenge boats have suffered two dismasts in the past. The first happened to the yacht, *British Steel II*, at about the same stage of this leg in the 1992 race. The second occurred in the English Channel during a training sail.

Ingenious and hair-raising repairs were required and incredibly, within 36 hours of near disaster, *3Com* was once more in the race, albeit well back in the field.

Our crisis became a cause for celebration across the fleet when the extended course - a universally unpopular addition - was abandoned for fear of further forestay problems.

The rejoicing did not last, however. The fleet was about to encounter its first full-blooded southern ocean storm. Soon, more yachts were reporting strands breaking on their rigging; the forestay collapsed on

call for assistance from the yacht *Time and Tide* which is crewed by disabled people. One of them had been badly injured. It was an anxious time for the crews who have all drawn inspiration from the presence of *Time and Tide* nearby.

Tomkinson did not hesitate to alter *3Com*'s course to undertake a mercy mission. Extra pain killers were needed urgently for Brendan West, a leg amputee who had injured his one good leg in a deck accident.

I met West in Rio, where we were both joining our yachts for the first time. I was pushing a cart loaded with sails and feeling sorry for myself because I had twisted my ankle a few days previously. He came alongside me to help push.

We were told that West was in great pain from the injury which had inverted his good leg at the knee. His good leg needed all the pain killers we could spare for its 2,000-mile trip

*Motrola: Health Insured II* was forced to strip down its sails when a crucial piece of side rigging failed; and *Concert* lost the top of its mast entirely. Hardly a match went by before more problems were emerging.

Tomkinson said: "We have two options - putting everything up and waiting for it to fall down or to sail reasonably conservatively. In race terms it has become a matter of getting there, more than anything else."

The same storm led to a call for assistance from the yacht *Time and Tide* which is crewed by disabled people. One of them had been badly injured. It was an anxious time for the crews who have all drawn inspiration from the presence of *Time and Tide* nearby.

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Motoring

## Small cars nip to the fore

Stuart Marshall takes a backward look at the year

Which cars stand out in a backward glance at the past year of motoring? In general, they have become so good that realistic comparisons are difficult.

If you decide what kind of car you want - saloon, hatchback, estate, on-off roader or soft top - and how much you want to spend, then it is really a question of finding one you like the look of and negotiating the best deal.

It can be said with reasonable confidence that whatever you buy is likely to serve you well, providing you look after it. Small cars in particular have reached a stage where they are the equal of large ones in everything but size and price.

Power-assisted steering, which improves any car, however small, is routinely fitted as standard. (I would not have a car without it.) Air conditioning, CD players, automatic transmission and anti-lock brakes are not yet part of the normal small car package, but all are available widely as optional extras. Only cruise control has still to percolate down from executive class cars.

With such crowded roads, however, I am not sure that being able to pre-set a cruising speed is so important. Unless, of course, you want to be certain you are not going to exceed the speed limit.

Most impressive of the small cars I have driven this year were the latest Ford Fiesta and its Mazda counterpart, the 121; VW Polos and Rover 200s with petrol and, especially, diesel engines; the Subaru Justy, with permanent four-wheel drive and priced below £9,000; the Citroën Saxo; and, last but not least, Ford's hugely attractive Ka, created by repackaging Fiesta components in startlingly stylish but practical new clothes.

The rigours of the past few weeks have sapped our will for celebration. We dared to enter the weather's lair and it did not treat us kindly.

The hours grind by slowly as if someone has applied a brake-handle to the cogs of time. The passing of a year seems meaningless when time itself has become intangible. We want to feel land under our feet again.

Christmas at sea strengthened the feeling of isolation, the physical and emotional distance from our families. It was a time for introspections to scan the featureless sea in a search that borders on the spiritual. The enormity of the ocean challenges the most committed non-believer.

Nothing I have driven this year created more interest than Ka among friends and strangers alike. I had only to park it for interested people to come up and ask: "What is it?" or "Is it electric?" Among small/medium cars, the VW veteran Golf GTI, due for replacement in a few months' time, still takes a lot of beating, but I think the Nissan Almera GTI runs it close for performance and manners alike.

Perhaps I had expected too much of Rover. Group's MGF, but I was mildly disappointed by this mid-engined sporting two-seater. Not, I hasten to add, by its dynamics; these are first class. But I thought the manually operated soft top was cheap.

Nothing I have driven this year created more interest than Ka

nasty and claustrophobic and contrasted badly with the power-operated top for the Ford Escort Calypso cabriolet.

All fabric folding tops, however, are outdated by the disappearing steel roof of the Mercedes-Benz SLK. Closed, it is as secure as a saloon. Open, it is among the most seductive two-seaters I have ever driven. And the transformation is quick (25 seconds) and completely automatic. I rate it a must for those not yet old or rich enough to contemplate owning a Mercedes-Benz SL.

A point which I have made several times over the past year is that medium-sized and medium-priced cars now offer buyers (more often, user-choosers) similar standards of comfort, reliability and safety to more prestigious, premium-priced marques. This is especially true of the multi-cylinder versions of fleet favourites such as the Ford Mondeo and Vauxhall (Opel) Vectra, soon to be joined by the V6 engined Peugeot 406 and Citroën Xantia.

In the last year multipurpose vehicles secured, and are now widening, a bridgehead into the British market. Most popular have been the Ford Galaxy, VW Sharan and Seat Alhambra, which differ only in detail, and the other near identical trio of Citroën Synergie, Fiat Ulyssee and Peugeot 806. Competition will soon be keener than ever with the introduction of a new Renault Espace, a General Motors (Opel/Vauxhall) Cintra and right-hand steering Chrysler Voyager.

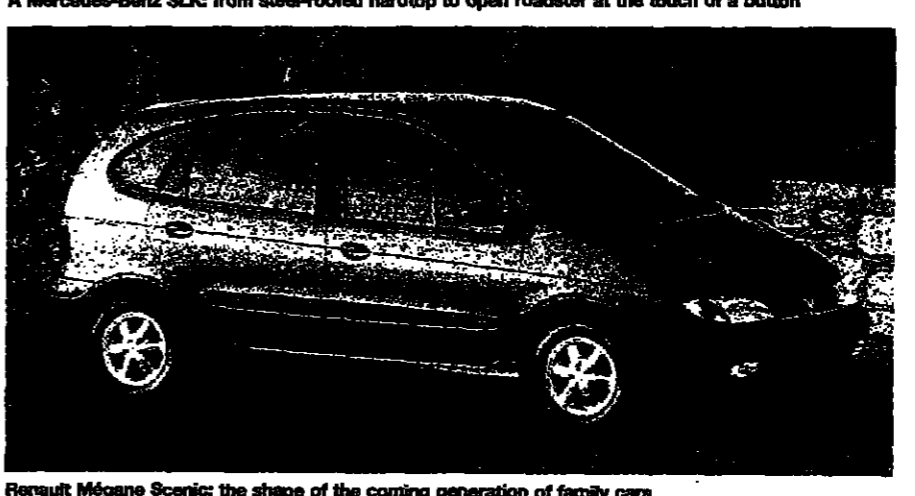
MPVs were supposed to pose a threat to 4x4 recreational on-off roaders, but sales have remained healthy among buyers whose choice reflects a lifestyle, be it real or imaginary. Suzuki came up with a couple of four-wheel drive novelties - a turbo-diesel Vitara 5-door with standard automatic transmission, and X-90, an offbeat machine which could well be the darling of a Range Rover-driving Chelsea daughter.

The most significant car to appear in 1997 undoubtedly the Renault Mégane Scenic, a mini-MPV that is bound to spawn a new generation of family cars that are big inside and small outside.

Two final motoring thoughts. Be glad that in 1996 road deaths in Britain will never have been lower; and that the Eurotunnel fire occurred while there were still ferries to provide an efficient alternative way of crossing from England to France.



A Mercedes-Benz SLK: from steel-roofed hardtop to open roadster at the touch of a button



Renault Mégane Scenic: the shape of the coming generation of family cars

Gardening

## Curious twists along the path

Robin Lane Fox on the lessons of a year which swung from a harsh May to a glorious November

Gardeners have endured another remarkable year, leaving them to wonder whether any season will ever conform to text books again. In May, everything seemed severely retarded in nature's refrigerator. During the third week in July, I surveyed brown fields and wilting trees by the River Severn after a visit to the Bristol Botanic Garden where the most well-adjusted plants were the cacti and agaves. Once again, it all swung round to a familiar finale. Autumn is becoming the memorable season for secondary visitors, but autumn 1996 took an unexpected turn.

What lessons have we learned? I think some form of systematic irrigation is now an essential investment for gardeners in southern England. It is not necessary to water lawns and go to the expense of a full pop-up installation. Micro-sprinklers in flower beds are a different matter and anyone who wishes to experiment on the new botanical frontiers is recommended to invest in some such system before risking another dry summer.

Micro-sprinklers can be bought for little more than £1 each and the basic 16mm black hose need not cost more than 30p a metre. Automatic controls make a seri-

ous difference, especially for weekend gardeners, and here there is no point in economising. Many suppliers will also assist in plans for a self-installed arrangement, containing the cost wherever sensible.

The oddity this spring was not the shortage of water, but the shortage of warmth. We all enjoyed the most extraordinary spectacle. The clouds of blossom on cherry trees and magnolias opened rather late and were then held as if in the cooler for several weeks while the early daffodils crept along to join them. The later narcissi lingered on until the end of May and anyone with naturalised bulbs beside a formal garden was longing to cut them down in early June. But the recommended interval of six weeks after the flowers have faded meant that untidy narcissi were hanging around in early July. In these chilled conditions, I extended my acquaintance with

many types of flowering cherry which otherwise drop before I have noticed them. The white-flowered upright *Umeniko* remains my favourite wherever height is more important than width. Pale pink *Accolade*, white *Korean Hill* and the large, spreading white *Yedoensis* were outstanding bets in this favourable season.

Towards the end of spring, one of the sights of the year were the lilacs. I cannot remember such a prolific season and I continue to bless the day I moved my standard trees of blue and purple-striped lilacs into a pair of small borders where they give early colour and then become a framework for semi-climbing roses and late-flowering clematis. Older wisdom claimed that lilacs were bad neighbours in a border and no doubt, suckering, hungry bushes are a menace. Standard lilacs, however, are another matter and I will treasure the mem-



ory of my standard lilac *Sensation* against a backdrop of early flowering honeysuckles and some pale yellow tulips which have lost their way in the calendar. Another type of honeysuckle has shot to the top of my shopping list, which I first sighted in May. *Lonicera Tatarica* is a tough, under-rated shrub with reddish flowers, but there is a spectacular white-flowered form with slightly paler leaves which is exactly right as a filling for

that hiatus between the spring bedding and mid-July. It is not common. But several nurseries list it and it is said to be as tough as its relations.

But mid-July, the summer was threatening to dedicate us all again. Roses had been wonderfully unspooled by rain, but I began to find their masses of flower overpowering in the clear, hard light of a dry month. Crisis threatened, but early August relented and I enjoyed 10 days' matchless gardening. This year, the widening range of crocosmias showed their quality, preferring frequent watering, while enjoying a sunny season. The shapes and colours of flower now vary far beyond the old *monobretias* and I recommend buying any unusual named variety next spring so that one or two plants at intervals will illuminate the difficulties of August.

They combined with my star success of the year - a brilliant

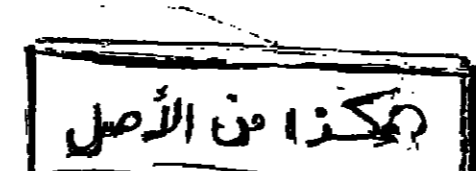
coral-red form of low-growing *diastela* called *Coral Belle*. Ever more forms of these South African plants are entering nursery catalogues but this one struck me for its brighter colour, continuously flowering from June until October and appearing to be hardy, helped by its strong, compact growth. Beside the low-growing yellow Evening Primrose, *Oenothera Missouriensis*, it made a brilliant combination which would grow for anyone in a sunny site.

By September, everything was dry again, but the new wave of popularity for small-flowered *Michaelmas daisies* saw some of us through. They coincided with the tail end of a spectacular season for the scented white *Magnolia Grandiflora* which responds so freely to a sequence of warm summers. Small blue daisies like *Little Corlow* or the tall, rare *Chieftain* were a great re-discovery.

The last surprise has been the autumn. Early October was so dry that the leaves on too many trees turned brown and began to fall too early. I have never had worse value from a walnut, as the cold May delayed its leaves until June and the dry autumn removed them by mid-October.

Instead, we were rewarded with the best November in my gardening memory. Many days were clear or beautifully changeable. Berties on all types of *Sorbus*, and especially the taller red types of *Cotoneaster*, have been stunning, while the ornamental *Malus* have never been better, justifying those who put them first for flowers, leaf, toughness and fruit in dry, alkaline gardens. Blackbirds and even the flocks of starlings have done their worst, but there are still a few bright fruits left after Christmas.

We deceive ourselves by following books on our gardens week-by-week, or by easy generalisations about times and temperatures. Gardening remains supremely unsuited to three-year plans, laid down by managers and run by computers. Each year calls for improvisation and individuality. We may curse the curious seasons, but they are the challenge which makes us all keen to gaze into another year.



PROPERTY

# UK capital is the best place to buy

Despite rising prices, London is good value, says Anne Spackman

London is a cheap place to buy property. That may seem an absurd assertion with the capital in the throes of a mini-boom and prices rising by up to 20 per cent during the year, but in comparison to the other leading financial cities of the world, London still looks good value.

This year London has been hit by a wall of overseas money. Both Savills and De Groot Collis say UK purchasers have shrunk from 75 per cent to about 45 per cent of the market. At Knight Frank, UK purchasers accounted for just 38 per cent of London buyers this year, compared with 52 per cent in 1995.

The sales of new blocks of flats to south-east Asian investors accounts for part of the sharp year-on-year increase in overseas purchasers. But it also reflects heavy demand for homes in central London from wealthy individuals. They may be moving to London to work; they may have a European headquarters here or they may be British expatriates - all want a base in what they see as a safe and thriving city.

The combination of competition from these buyers and increasing confidence among domestic purchasers, has seen record prices being achieved for the most popular flats and houses in the smartest parts of town. Wetherell, the Mayfair agents, sold a £2m penthouse on Park Lane, a £4m house in Park Street and a £3m house in Eaton Square in a



St Addison Rd in Holland Park is selling for £25m on a 66-year lease from Chesterfield

single week in November. According to Robin Paterson, Hamptons' group managing director, the biggest dampener on the central London market in 1997 would be a further strengthening of the pound.

The key to London's buoyancy is the City. This year it is set to create several hundred new homes millionaires, some of whom have already registered with estate agents. Knight Frank's graph of prime London property reflects the impact of these young bankers, with a large rise in the number of 30- to 40-year-olds buying property in the £1m-£2m bracket.

All this comes at a time when good houses and flats in prime locations are in short supply. Jonathan Harvey of Friend and Falcke says there are at present about 220 houses for sale in prime central London areas, compared with a norm of 600.

So does this mean another year of strong price increases? Not necessarily, according to most commentators. The majority are going for a cautious 8-10 per cent, citing the general election, possible falls in the stock market and rising interest rates as potential depressants. Many estate agents expect a flurry of new property on the market in the new year.

One of the most cautious predictions comes from Yolande Barnes, Savills' researcher, who has pencilled in a 7.4 per cent rise for prime central London, compared with 12 per

cent for the mainstream British market. Simon Agace, chairman of the Winkworth group, which has 30 offices across London, is also predicting a slowdown in areas like Kensington and Notting Hill, saying buyers will not continue to chase prices up. Instead he believes secondary locations from Islington to Highgate in north London and around Battersea, Wandsworth and Clapham in south London will see the strongest rises of up to 15 per cent.

In the city's emerging residential locations, where new developments predominate, there is also a mood of caution.

Prices in the City and mid-town areas between the City and the West End have risen by an average of 16 per cent this year, almost entirely on the back of south-east Asian purchasers. Hurford Salvi Carr, based in Clerkenwell, expects rises to halve, as 1,500 new homes come on to the market in 1997 in addition to the first wave of second-hand stock.

A few commentators are more bullish. Rob Thomas of the Swiss bank UBS thinks

London will once again outperform the mainstream market, rising 15 per cent compared with 10 per cent nationally. "If you believe it will remain a strong financial centre and a fashionable city, that is a trigger for foreigners to buy."

He dismisses the suggestion that an increase in properties coming up for sale will dampen price rises. "If you look historically at turnover and prices, they always move together," he says. "You never see turnover going up and prices going down. It implies that there are lots of people waiting to exit the market, whereas in reality, the vast majority are movers."

Two of the boutique London agencies which service the top of the market are equally confident. Andrew Langton of Aylesford says there are too many people trying to get into too small an area for prices to do anything other than rise.

Similarly, Brian d'Arcy Clark of Chesterfield believes there is nothing to stop a repeat of the rises of 1996. He expects a brief lull either side of the election,

# An ideal market for country vendors

1997 looks as promising, says Gerald Cadogan

This year has been a bumper year in the UK country property market but not quite a boom. Sales are up - Fullfords in Devon reports a 31.4 per cent rise and Knight Frank a 35 per cent increase nationally. Price rises have been strong in the south-east, fuelled by City salaries and bonuses. But the north has been slower, except for "close to commercial centres like Sheffield", says Paul Spencer of Stacks Relocation in Derbyshire.

The good cheer is expected to carry on into 1997, although it could turn dull in March as the election looms closer. Once that is resolved, I expect the market to pick up again in the second half of the year.

The flood of money from the City, expatriates leaving Hong Kong and Londoners selling their town abodes to buy more space in the country, have created a cash market of buyers who do not figure in the mortgage-based Halifax and Nationwide indices and are little affected by rising interest rates. They want tangible assets that may rise in value, without making taxable income for the chancellor.

In Kent, agent Calcutt Maclean reports that its buyers have a total £74m ready for property. Multiply this by all the other agents' lists and, even after deducting buyers who appear twice, there is no escaping the wall of money. And while buyers wait for the right place they often rent in what has become a lively, flexible country rentals market. This huge cash basis creates a two-tier market in which the better properties rise fast as buyers with money in their pockets compete for them. For a manageable family house with five or six bedrooms, and some outbuildings and land - a manor

house, large farmhouse or old rectory - costing £300,000-£500,000 18 months ago, the price is now likely to be in the region of £400,000-£600,000 (such as the Old Rectory at Codford St Peter in Wiltshire, available through Savills for £500,000).

Depending on the location and the quality of its local amenities, and on how many other buyers are competing, properties can rise to between £600,000 and £1m. Throughout 1996, and final offers" in sealed bids (as in the Scottish system of house buying) which, according to John D Wood, Winchester, can result in "a panicky but spectacular offer - great for the vendor, tough on the buyer".

Conditions are ideal for vendors and good properties are still coming to market. A week before Christmas, Strutt & Parker launched Otley Hall in Suffolk, a superb Grade I manor house that is 500 years old. With great hall and parlour, and moat and water garden, the agent is asking for offers above £750,000.

Vendors must agree the right guide price and not be too greedy. Buyers remain cautious and houses now have to suit their precise requirements.

Barns (converted or with planning permission for conversion) have again become popular as an alternative to costly farmhouses and manors.

How much property will come to market in 1997 is difficult to forecast, since vendors, too, are cautious and may delay selling until after the election. Those selling in the first quarter can expect good prices from City buyers benefiting from bonuses. The positive trend should continue once the election has passed.

## Brisk buying has led to agents asking for 'best offers' in sealed bids

offers at or above the guide price in the first week were a regular occurrence. James Laing of Strutt & Parker says business was "better even than in 1988", because houses sold more quickly or were being offered privately. It is worth noting that buying agents often hear of opportunities that the ordinary buyer is likely to miss.

Such brisk buying has led to agents asking for "best



The Old Rectory in Wiltshire is offered by Savills for £500,000



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1997 holds in store a very exciting list of features including the Development Preview on January 25 and the three supplements in March, June and September. Details of all the features and supplements can be obtained from:

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## FOOD AND DRINK

## Whisky

## A repackaged Scottish distillery

Giles MacDonogh on the mixed opinions which Linkwood maltings provokes

If Linkwood Distillery looks spruce and fine then the credit is due to Hillary Lamont, who has been the gardener there for donkey's years. Architecturally it is a jumble: it is easy to identify the handsome old maltings with the pagoda roof of what was formerly the malt kiln. These have been turned into warehouses now that the malting is done elsewhere. The rest of the collection is not so easy to decipher, until you learn that there are in fact "two" distilleries at Linkwood: the new and the old.

Lamont has had the job of repackaging the distillery buildings in a tasteful floral border. On higher ground close to the old maltings is a dam full of trout and perch. They were hiding when I visited, but other writers generally report the presence of a brace of swans which

figure on the label of the United Distillers' 12-year-old. The old one was kept going until 1992 or 1993, when Linkwood was going at full pelt. Possibly the need for quantity was dictated by United Distillers who needed a lot of Linkwood for their "improved formula" Bells eight-year-old. It ran in tandem with the new distillery, which was finished in 1971, at the end of the great Scotch boom. The owners were careful to reproduce the exact specifications of the old stills, but they doubled

the number from two to four. The respect for nature at Linkwood may have something to do with Roderick Mackenzie, who was manager there for nearly 20 years after the war. He was so obsessed with the subtle flavour of Linkwood that he allegedly forbade the removal of spiders' webs lest that interfere with the nature of the malt. It is perhaps significant that he left in 1963, the year of the first big refit. By 1971, the place had been transformed. When you visit a distillery you

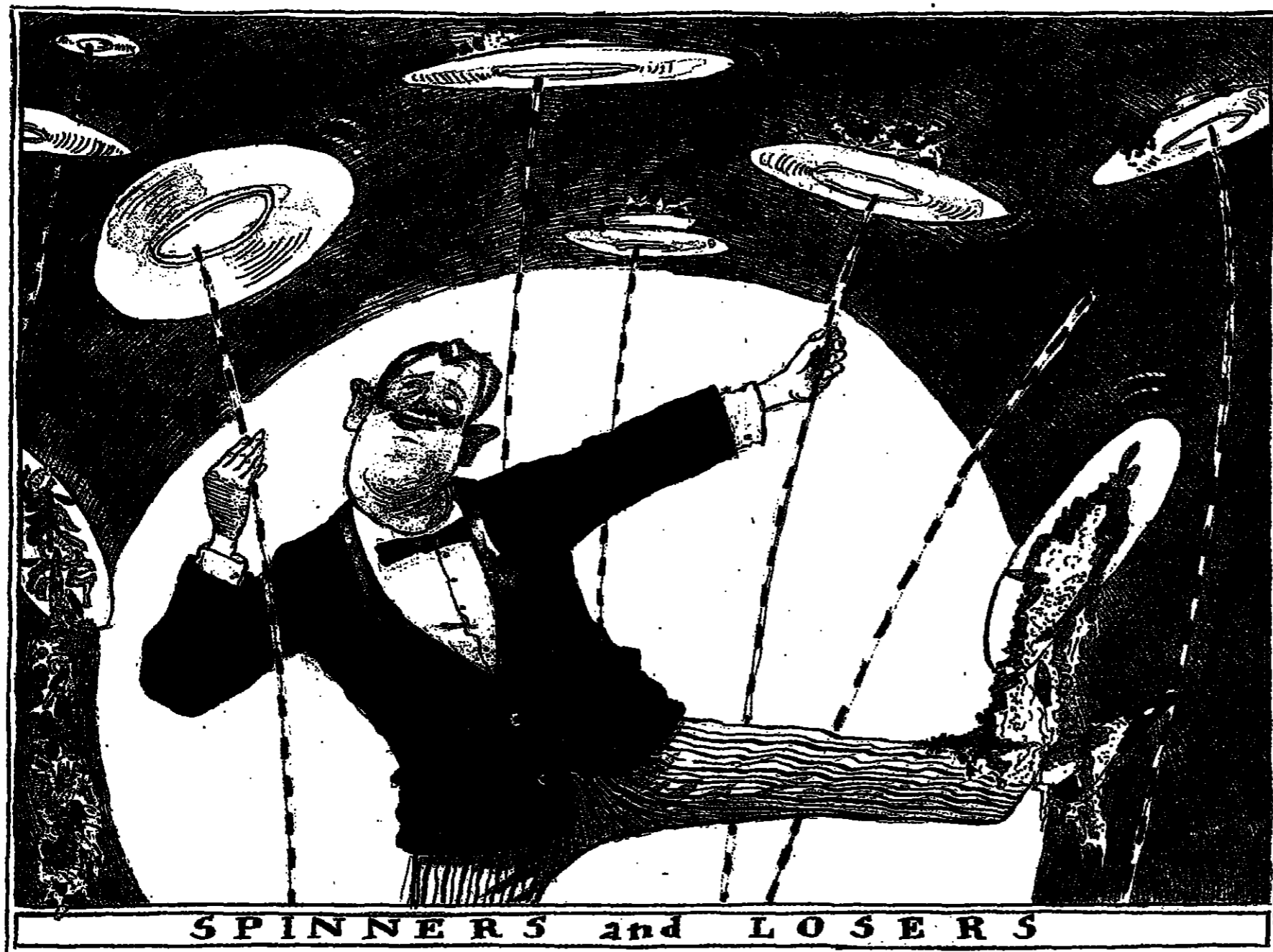
often gain an insight into the flavour of a malt from the smell of the "wort", the unfermented malt broth which is the raw material of whisky. At Linkwood it is fresh rather than sweet, not concentrated and honeyed like many of the best Speysides. It comes off the stills at 67.5 per cent notably low for whisky, which should ensure the retention of more of the original flavour. Another important factor is traditional warehousing. Over in the old maltings the casks are racked, but warehouse number

three is still on earth floors. Most of the casks in the warehouse were old sherry butts, but the manager told me he thought the total "sherry" count was not more than 25 per cent. Opinions are mixed about Linkwood. For the older generation of whisky buffs it was always one of the best, but it does not always star in the distillery's own bottles. I had the chance to examine the spirit with Lamont who, besides her duties in the gardens, has become the unofficial nose of the

distillery. She says she can tell when head office changes the raw materials: "You're using a different barley today," she tells them. Some of the casks, she says, give off a distinct barley character. As a gardener she is precise about fruits and flowers: the "new-make" smelled of fresh pears, which it often does, but Hillary corrected me: "Conference, not Williams." After that the sherry came into play. Linkwood fans feel that the sherry taste is a vital component

and reproach United Distillers for being a bit mean with old sherry butts. At first I was put off by a slight hardness, like hard water, on the finish. This tough character is present on the distillery's standard 12-year-old bottling, but on the whole the malt is better integrated at that age. I tried United Distillers' other bottling when I got home: the 22-year-old cask strength "Rare Malt". Here the sherry flavour was mostly absent, and there was a pleasant heatherness about it, although I dare say Lamont would have demanded greater precision: "What sort of heather?" And "At what time of the year?"

■ Linkwood 12-year-old (Flora and Fanny) is available from Millroy's (0171-437 0893) at £28.95. They also have the legendary Linkwoods: 1939, 1946, 1954, 1961 and 1962.



## Menu hits and flops of '96

Nicholas Lander on some of the triumphs and disasters of the restaurant trade

The year 1996 will go down in restaurant history as an *annus mirabilis*. More openings, more customers, definitely far more use of the word "eclectic" to describe a chef's culinary style and probably bigger profits. Fortunately, however, chefs are still not certain of which dishes will sell as quickly as they can be prepared or those which will go unappreciated regardless of their description. Here are some of the year's culinary hits and flops.

## New York

According to Danny Meyer, proprietor of the Union Square Café (212-243 4020) 1996's biggest hit was a spicy fried shrimp "po' boy" sandwich. "It is New Orleans-inspired, homemade, soft, sesame-seeded brioche roll, toasted, and then altered with a spicy pepper and shrimp remoulade. It is filled with layers of thinly sliced tomatoes, chopped lettuce and a generous handful of shrimp fried in flour and cayenne. On the side are a stack of "shoe-string potatoes" and a crispy salad of watercress, beets, red onions with a pecan-dijon vinaigrette. We sell out every day for lunch.

"We should never have tried to

upgrade that New York deli classic - braised brisket of beef. We served it with horseradish mashed potatoes and spiced Greenmarket apple sauce but no one would bite. Or rather, no one could bite. "Notwithstanding the estimable formal culinary training of our cooks, we were consistently unable to prepare fork tender brisket. Three out of 10 orders were returned to the kitchen as 'too tough' and after two weeks, before we did irreparable damage to our reputation, we quickly removed brisket from our menu - leaving it to the delicatessens where it belongs."

## London

John Torode, The Chef, Mezzanine, W1 (0171-314 4000): "I always assumed that regardless of what you put with prawns it will always sell. Of course, I have been proved wrong. One of my most memorable dishes was a Japanese prawn custard with mirin and soy. In the first week we sold two, by the third week sales dropped to one. We changed descriptions but that did not work so bye-bye prawns. "Mezzanine's greatest success has been pineapple curry with sweet pork and crab. I just did not think customers would be so

adventurous but it seems to be a dish with all the right combinations - curry, pineapple, crab and deep fried pork. All the regulars come back for it again and again. "And thanks to a criticism you made we have introduced fresh mint, fresh lemongrass, green jasmine and jasmine tea and the response has been startling." Adam Robinson, chef/proprietor, The Brackenbury, London W6, (0181-748 01017): "Our hit of the year was undoubtedly whelk mayonnaise, a sanitised whelk dish to make use of a much maligned mollusc.

"During the spring we found a great source of live whelks but nobody would eat them in their shells even when we gave them away as an *amuse-gueule*. So we decided to disguise them into salt water overnight then boil them for 10 minutes the following morning. We then remove their shells, feet and intestines, chop them finely and mix them into a caper and herb mayonnaise. Delicious. "The generic flop of the year has to be consommés. We have made them with herbs, with dumplings, with wild mushroom raviolis, with beetroot and finally we made a great autumnal game consommé but we cannot give them away. Put it together with another great nor-

seller - a glass of amontillado sherry - and we may just sell the odd bowl or two." "The calamity of the year was something else again. We had managed to obtain some fresh pig's blood, a rare commodity, and a chef was filling the sausage casing to make black pudding mix. It took longer than anticipated and service started promptly at 7pm. The first orders, however, were accompanied by a dropped sausage casing and an explosion of blood and fat all over the kitchen and the chefs!"

## Outside London

Sonya Kidney, The Marsh Goose, Morston-in-Marsh, Gloucestershire (01608-632111): "It seems as though the words cold terrine are just a complete turn-off and I wish I knew why. They taste great, present well and, although easy to serve, they are time consuming to make. "We made a delicious chicken, spinach and ham terrine served with rosemary mayonnaise and toasted brioche but it did not sell. Perhaps because it is not cooked *à la minute*, customers do not perceive it as an attractive choice. "By contrast our best selling dish - local beetroot with a grain mustard cream sauce and parmesan

fritters - was also one of the simplest. The beetroots are served whole if small or quartered, if large. Double cream is brought to the boil and the grain mustard whisked in; the beetroot is then added to warm through gently. Creamed parmesan is added to choux paste and the fritters are cooked in the fryer. The beetroot is served with some of the sauce which now resembles the colour of a deep pink rose and the fritters are placed on top of the beetroot."

## Scotland

Andrew Radford, Atrium, Edinburgh (0131-228 8983) explained: "Pigeon has been our biggest seller this year. Roasted and usually accompanied by roast shallots and parsnips or a root vegetable mash and juniper, it is extremely popular with our customers. And from a gross profit point of view the dish is a business hit. "By contrast the most difficult thing to sell has been wildgeon. People consider it either a spelling mistake or just an unappealing sound, perhaps a bit too like wild-geat. Once explained that it is a small, wild duck with a delicious tender flesh, tasting slightly salty due to its diet, we manage to sell a few to very satisfied customers."

## Cookery / Philippa Davenport

## Vegetable that needs more love

## At the height of the

white truffle season in Asti recently, I was treated to more than my fair share of the sublime fungus. I feasted, too, on magnificent beetroot, a root often despised and ridiculed in Britain but relished in Piedmont, where vegetables are treated with respect. Most stalls in Asti's fruit and vegetable market sold leafy bunches of raw beetroot. Several offered trays of huge, freshly baked beetroot as well. I had not seen beetroot sold in this guise before, as unbecomingly as mud-caked objects from an archaeological dig, but, once stripped of its ugly coat, the jewel-rich colour of the flesh, the small and intense flavour, was irresistible. I brought a fair number home, bubble-wrapped. And, yes, I came home with a small white truffle, too.

The recipes that follow have been written with raw beetroot in mind, since raw beets are what cook-gardeners will have in store at this time of year, but ready-cooked beetroot from the shops can also be used - providing they are plainly cooked not the vinegar-soaked sort that used to be the only cooked option on sale in Britain.

The first recipe may appeal to those feeling a little fragile after a surfeit of turkey, plum pud and brandy butter. The second is a hearty meal-in-a-bowl to set you up before you go out first-footing at Hogmanay.

Just one word of warning. Wear rubber gloves when preparing beetroots or the tips of your fingernails will be stained for days.

## BEETROOT, APPLE AND SMOKED TROUT WITH WALNUT AND HORSERADISH CREAM

(serves 2-3)

I share the eastern European taste for teaming beetroot with the sting of horseradish and juicy crisp apple. Smoked fish makes a fine addition to this trio and it is worth seeking out superior fish smoked on the bone. Walnut and horseradish combine well for saucing - if the nuts are new season and freshly shelled. Staling dried kernels will spoil the results; better to use horseradish alone.

200g coarsely grated raw beetroot (prepared weight); 100g coarsely grated Cox (prepared weight); 200g-250g hot-smoked trout (weighed after skinning and filleting); 100g crème fraîche; finely grated horseradish to taste (use creamed horseradish if fresh is unavailable); 20-30g finely chopped walnut kernels; a few sprigs of green coriander.

Prepare the sauce first to allow time for the flavours to blend. Simply fold the horseradish (and nuts if using them) lightly into the cream, spoon the mixture into a small bowl, cover and chill.

I find a box grater better than a food processor for preparing the vegetables - the shreds are not so fine, and there is less wastage. Grate the beetroots first then grate the apple straight into them and mix well so the apple is stained red without danger of browning from oxidation first.

Cut the trout into strips, pile it into the centre of a serving dish and sprinkle lightly with chopped coriander. Arrange the beetroot and apple at either end of the dish or in a ring around the fish, and hand round the sauce separately.

## BORSCH WITH DUCK

(serves 4)

In its native Ukraine and elsewhere there are endless versions of this soup. Mine is almost a stew, a first and main course rolled into one, easiest to eat from large old-fashioned soup plates with spoons. Most recipes include beef, others use duck, as I do. Cabbage is nearly always used; I rate very small kohlrabi a more delicate choice.

Quantities of everything can be doubled for a party. Indeed making borsch is often an excuse for giving a party in Ukraine. Serve borsch with dumplings and a bowl of soured cream, or hand round a plate of crisply baked puff pastry shapes topped with cream cheese generously spiked with carrot.

500g boneless duck breast; 8-10 small beetroots (weighing 500g or more after trimming and scrubbing); 2 small and tender young kohlrabi (to yield 200g when peeled, sliced and cut into sticks); 150g peeled and thinly sliced parsnip; 100g peeled and coarsely grated celeriac; 1 small onion,



halved and cut into thin crescent moon slices; 1 garlic clove, very finely chopped; 1 teaspoon tomato paste plus 1 teaspoon sugar and a pinch of ground cloves all mixed to taste with 2 tablespoons red wine vinegar; 1½ litres duck stock (or good chicken or turkey stock or beef consommé).

Grate coarsely some of the trimmed and peeled beetroots and set it aside. Cut the rest into chunks and put them into a soup pan. Prepare the onion and garlic and add them to the pan together with the cold duck stock and vinegar paste. Prepare the kohlrabi, parsnip and celeriac as described in the ingredients list and reserve each of them separately.

About 20 minutes before you want to serve the borsch, bring the contents of the soup pan slowly to a simmer. Simultaneously heat a sauté pan big enough to take the duck portions.

Put the duck, skin side down, into the hot sauté pan. Immediately reduce the flame and cook the duck quite gently for 12 minutes.

Turn the meat once, twice but cook it skin side down most of the time to render the fat to avoid toughening the flesh. Drain it well at the end and let it rest in a low oven.

Meanwhile, when the contents of the soup pan reach simmering point, stir in the kohlrabi and cook for five minutes. Add the parsnips and cook for a further five minutes. Then add the celeriac and grated beetroot and simmer for five minutes more or until the vegetables are done to your liking.

Christie's half-yearly finest and rarest wine sale realised some remarkable prices, led by a single bottle of Lafite 1791 from a Belgian family, which fetched £20,900 (10 per cent purchasers' premium included in all prices). This wine was made

only 36 years after the death of the Marquis de Ségur, the proprietor, known as *le Prince des vignes*. Then

## Appetisers

## A wine at £20,900 a bottle

followed single bottles of Latour 1929 (£1,980), Latour '45 (£880), Cheval-Blanc '47 (£1,980), a magnum of Latour '61 (£1,980). A case of six magnums of Latour 1982 fetched (£3,080), a magnum of Pétrus 1945 reached £5,280, and a case of six magnums and one of 12 bottles of the 1982 each made £3,800. Forty-eight bottles of Mouton-Rothschild 1947-1993, each bearing the label design of the year, reached £17,050. Two Imperials (an Imperial equals eight bottles) of Le Pin 1990 made burgundies £10,450 apiece.

The top red burgundies came from the Domaine de la Romanée-Conti: a bottle of

Romanée-Conti 1935 went for £280, and one of La Tache 1945 brought £290. A bottle of 1822 Yquem made £6,880, one of 1947 brought £9,350 a bottle, while a case of the famous 1921 achieved £14,300. Rhine wines, vintage port and fine old Madeiras - and mid-19th century cigars - were included in this mammoth sale. The total of the all-day, three-session sale was £900,000.

Edward Penning-Rousell

■ Lay & Wheeler of Colchester's annual wine sale is better than most. This year's opens at 8am on

Thursday, January 2 (on tel: 01206-764446, fax: 01206-560022/584394/583626). Pommery champagne has been reduced from £18.24 to £14.99 a bottle; there are 27 cases of 1990 claret and 55 of 1988s; some mature Delaix Premier Cru Chablis 1983 at £17.50; Ch de Trignon Gigondas 1993 down from £11.35 to £8.94; discounted wines from two of Australia's most respected producers, Hollick of Coonawarra and Reynolds of Hunter Valley; some old Californians that might be worth a punt; lots of Italians; and a fair selection of halves.

■ Until stocks run out, Marks and Spencer is slashing prices of the following white bin ends, already recommended on these pages: scented Italian Malvasia del Salento 1994 (down from £3.79 to £2.99) and more limited stocks of two modern, dryish, fullish Klosterhof 1995 German Rieslings, Zell Castle and Johannsberg (£4.99 to £3.99). JR

■ Meanwhile, during January, Somerfield supermarket is knocking £2 off all the wines it has been selling for more than £7 a bottle. Beringer Cabernet Sauvignon at £8.19 looks a snip, and fans of full-throated Australian red should try to find a branch that stocks Penfolds Bin 407 1992, reduced to £8.15. JR

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## SPORT

# Magic moments, memories of '96

Gooch at his most sublime, Sampras at his gutsiest, Johnson at his most awesome. Sports fans have had value for money this year

**W**e asked our regular FT sports writers to name their sporting moment of the year. Their choices ranged from the predictable - Peter Aspden on Michael Johnson's performance in the Olympic Games would have topped many a list - to the quirky - How Richards' very personal choice of rugby star Arwel Thomas's magic moment in the Five Nations championship. But all left an indelible mark on the memory.

## Olympic Games

### Peter Aspden

The Olympic men's 200m final was always going to threaten the world record. Its two favourites, Michael Johnson and Frankie Fredericks, were in resplendent form, Johnson stepping down in distance from his "best" event, the 400m, which he had won at a canter. Fredericks determined to make up for "only" winning silver in the 100m. And then there was that fast Atlanta track...

Johnson would say afterwards that he stumbled at the start. It was imperceptible. Both men were superb off the blocks. Coming into the bend, there was little to choose between them, the only certainty was that it was fast. Then, incredibly for a field of such quality, Johnson appeared to find another gear. Fredericks, running fast and true, must have received the shock of his life, seeing a blur on his left pulling away from him. The way he kept his concentration - he would finish just 0.02 seconds outside the old world record - was almost as impressive as the feat unravelling in front of him.

Johnson, short legs pumping with immaculate rhythm, destroyed the field in the last third of the race. The vulgar gold shoes crossed the line in an outrageous time - 19.32 seconds, beating the world record by more than three-tenths of a second. As in all improbable sporting moments, an unreal hush followed the roar of acclaim. Johnson looked as shocked as anyone. "My dad once bought me a go-cart when I was a kid and I used to go downhill on it," he said afterwards, "that feeling is the only thing I can compare it to." The rest - Fredericks included - might as well have been climbing a mountain.

## Tennis

### John Barrett

On a sultry, sweaty night at Flushing Meadows, defending champion Pete Sampras is near the point of collapse. He is playing Alex Corretja, an unseeded Spaniard, aged 22 and ranked 31 in the world.

Trailing unexpectedly by two sets to one, Sampras has fought back to take the fourth set 6-4. After more than four hours his reserves of energy are low. Fatigue and nausea are draining the energy from his legs. Corretja, fitter and faster, bounces up and down, sensing his moment of triumph.

In the tie-break that will end the match, the Spaniard, racing to his right, misses a forehand pass at 5-5. Match point to Sampras. But a forehand error makes it 6-6. Now a good serve brings match point to Corretja who waits while Sampras, clutching his stomach, shuffles towards the back fence, leans on his racket and vomits.

The umpire issues a time delay warning. Roars of protest from 19,000 throats. A lunging Sampras makes it 7-7. Barely able to stand, the American gathers himself for a second serve. A gasp as he smites an unexpected ace. Match point again. Another delay as Corretja, visibly edgy, prepares to serve. Sampras totters into position.

The double fault that follows is one of the cruellest moments I have ever seen on a tennis court. Corretja staggers forward and crouches in an agony of disappointment. Sampras raises tired arms and shuffles towards the net where he meets his opponent in an embrace of mutual understanding.

Sampras has survived to his fifth US Open semi-final. Corretja has played the match of his life. "It was the best match of my career, and the worst one," said the loser. Sampras, who needed an intravenous drip to rehydrate after his ordeal, had proved he was a survivor. "I do care, I do have heart, I hate to lose," he said.

## Motor racing

### John Griffiths

There was not a dry eye in the house when Damon Hill took the chequered flag at Suzuka to win the 1996 Formula One world motor racing championship for which this talented, decent and honourable man had worked so hard.

Happily, the record books will show baldly that Hill was champion. Memories will fade that his



Johnson: elated



Gascoigne: ecstatic

Petersen: ecstatic

title was secured under the shadow of another whose talent, it is now manifest, is indisputably greater. Hill is champion; Schumacher, Michael, is faster - by a country mile, and over every other current driver.

The truly defining moment of driver ability in 1996 came not when the flag fell at Suzuka, but when the heavens cried at Catalunya. Rain is the great leveller of grand prix cars; the distinguisher between the great and the only very good in terms of drivers.

Practice for the Spanish grand prix had proved what we all knew: that in the dry Schumacher's Ferrari was hopelessly uncompetitive. Then came the

**Schumacher, too, was caught up emotionally in the rhythm of his and the Ferrari's dance**

rains, and the final, certain knowledge that history will place Schumacher among motor racing's all-time greats.

In an awe-inspiring "moment" lasting 90 minutes, Schumacher positively danced his Ferrari along the very brink of the endless, slippery and deeply perilous precipice which all circuits become once rain-lashed.

Time after time after heart-stopping time, the red car's back end snapped out only to be caught and held so swiftly, so surely that, by the chequered flag, high drama had become hypnotic routine. From mid-way down the field at the first corner, Schumacher was in the lead by lap 12. Thereafter, he romped away, faster than all others by four seconds - nearly 200 yards - a lap, to be 46 seconds ahead at the finish. Catalunya told us far more about this cool, calculating and, some insist, arrogant young German, than simply that he won.

Schumacher wanted to send a message: clear and demoralising to all rivals - that on a level playing field he is, simply, the best.

Yet, in the end, the moment also overtook the man. Schumacher, too, was caught up emotionally in the relentless rhythm of his and the Ferrari's dance. The display became one beyond tactics, strategies or points-scoring. Here was a man exulting in an innate talent, and even Hill fans exulted with him.

## Rugby

### Huw Richards

The last 12 months are liable to be remembered longest for off-field events, and in particular the

way in which the two codes transformed their traditional rivalry into competing to see which could self-destruct first. There was also some rugby.

A choice of highlight is inevitably personal, some might say biased. For me it was produced by a player whose team lost, and who was dropped two games later.

Arwel Thomas, then of Bristol, now of Swansea, was playing his first European Five Nations championship match - and only his second international of any kind - when Wales were awarded a penalty deep inside the England 22m line a few minutes into their meeting at Twickenham.

All the rules of rugby *realpolitik* said that Wales should kick for goal and take the easy three points on offer. In a percentage-playing game there was no other option. But Thomas took a quick tap penalty and Hemi Taylor forced his way over for a try.

It was not actually that well executed, the score owing as much as anything to English inattention. A well-drilled, disciplined percentage-playing team, they knew that sort of thing just did not happen in internationals. And that is the point. At its best rugby is a game of quick wit, imagination and doing the unexpected.

The best Welsh teams in particular have had those qualities. But recent teams, dispirited by poor results, looked inhibited - almost afraid - and bent above all else on damage limitation. The next few years are as likely to see Arwel Thomas joining the likes of Glyn Davies and Peter Morgan among the Welsh game's never-quit-as ranking with Barry John or Cliff Morgan among the greats. But in that moment he showed us again a style that is not afraid, takes risks and reminds us why the game is worth watching in the first place.

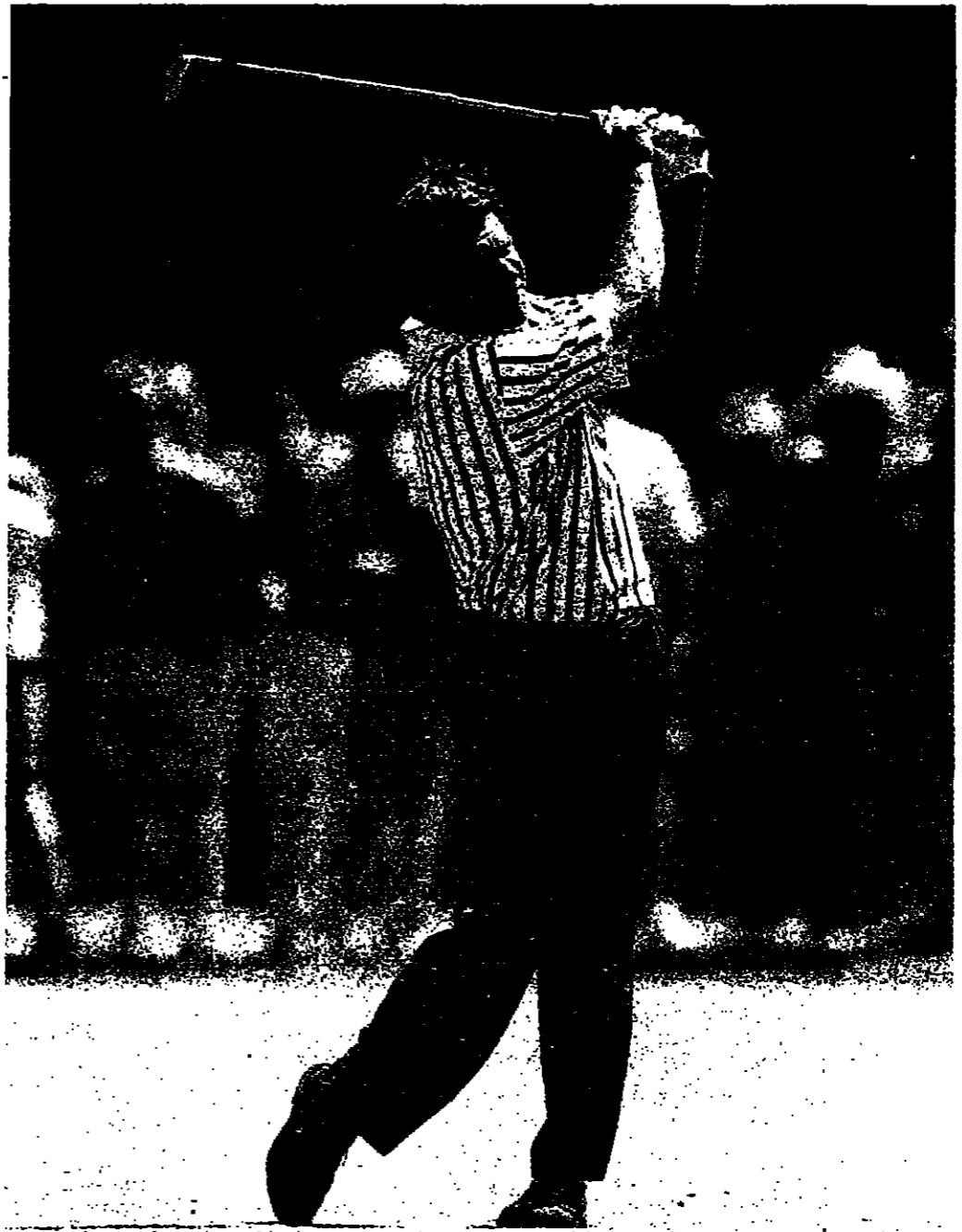
## Cricket

### Teresa McLean

So often the most unlikely days of play turns out to be enchanting. I was reminded of this when I agreed reluctantly to a 40-over thrash between Essex and the one-day experts Lancashire, at Chelmsford on Sunday June 9.

The river does not run so much as ooze through Chelmsford and I feared the Essex cricketers would do the same and produce a poor match. I did not mind which side won, but I did mind the prospect of a sunny afternoon wasted on bad cricket.

That is why Graham Gooch's mastery 87, scored in 82 minutes, was a delight. The only cooling it did was that of confidence. Its two outstanding features for me were its unexpectedness and its assurance. Gooch and Paul Richards' fourth wicket stand of 123 was the backbone of Essex's winning total of 249 for 6.



Faldo: majestic

Both batsmen were removed by Lancashire's energetically erratic Peter Martin in his eighth and final over, which ended with two wickets, two wides, two singles, a four and a farewell Gooch six to its name. The cricket was never dull.

I enjoyed Gooch's innings, with all its smooth scoring strokes, more than I enjoyed Mike Watkinson's brave and flamboyant 87 in reply because it came as more of a surprise. I had let myself forget Gooch's long history of scoring faster than it seems, in all kinds of cricket.

## Baseball

### Jurek Martin

It has not been a vintage year for spine-tingling moments, like Cal Ripken in 1995 hitting homers in the games he tied and then passed Lou Gehrig's durability record.

Excluded are Karri Strug's Olympic vault (too short and hyped), Evander Holyfield's knockout of Mike Tyson (too primal) and Tiger Woods's spectacular arrival in professional golf (no single defining shot).

John Parisi, of the Federal Trade Commission in Washington, helped us out of the rough. He points out that baseball again this year touched not merely the spine but, literally, the heart. It happened on the off-day between games five and six of the World Series.

The New York Yankees had turned an 0-2 deficit into a 3-2 lead but were facing the nonpareil Atlanta Brave pitcher, Greg Maddux, on his home turf on Saturday night.

Of many sub-texts in baseball's play-offs (recovered addicts, a player from Curacao, a 12-year-old extra fielder) none held greater human interest than the plight of Frank Torre, brother of

Yankee manager, Joe, in hospital desperately awaiting a heart transplant.

Unlike Joe, Frank only made the major leagues briefly in the 1980s. But on that Friday a suitable heart was found and successfully installed. Parisi read about it on the Saturday morning and said to himself "that's it, Divine intervention, the Yankees must win".

As indeed they did that night. Or, as Joe Torre put it, "just like an old baseball player, he got a new heart on a travel day".

Beats jumping, punching and wedging any day.

## Soccer

### Peter Aspden

The European Championship held in England was by no means a classic tournament, yet it featured its share of sublime moments: Karel Poborsky's

scoop-shot to knockout a pretty but ineffective Portuguese side; Davor Suker's wicked chip over Peter Schmeichel; Jürgen Klinsmann's explosive turn and finish against Russia. No matter how efficient and resilient modern defences have become - and they were extremely effective in this tournament - there are still certain players who can turn a game in a moment.

England suspected they had one of those in the wayward, prankish figure of Paul Gascoigne. Yet for a game and a half, he did little to justify his supporters' faith. In the game against Scotland, he puffed and strained to make an impression, but it was England who escaped lightly when David Seaman saved Gary McAllister's penalty.

Then, inspiration struck. A surging run forward, the deftest of flicks on the run with his left foot, an emphatic volley with his right. England were transformed. The goal, apart from swinging the game, had a talismanic effect on the side, which shed its inferiority complex and began to play with the sophistication demanded by international football.

England lost an epic semi-final against Germany, who went on to win the championship. But Gascoigne's goal made sure they went out with a certain amount of style. Football came home to a moment of native brilliance.

## Golf

### Derek Lawrenson

The Masters has long held a reputation for being the most exciting of golf's four major championships but what happened at Augusta last April went beyond drama. The last day's play developed into an epic and the repercussions for the two protagonists endured all year.

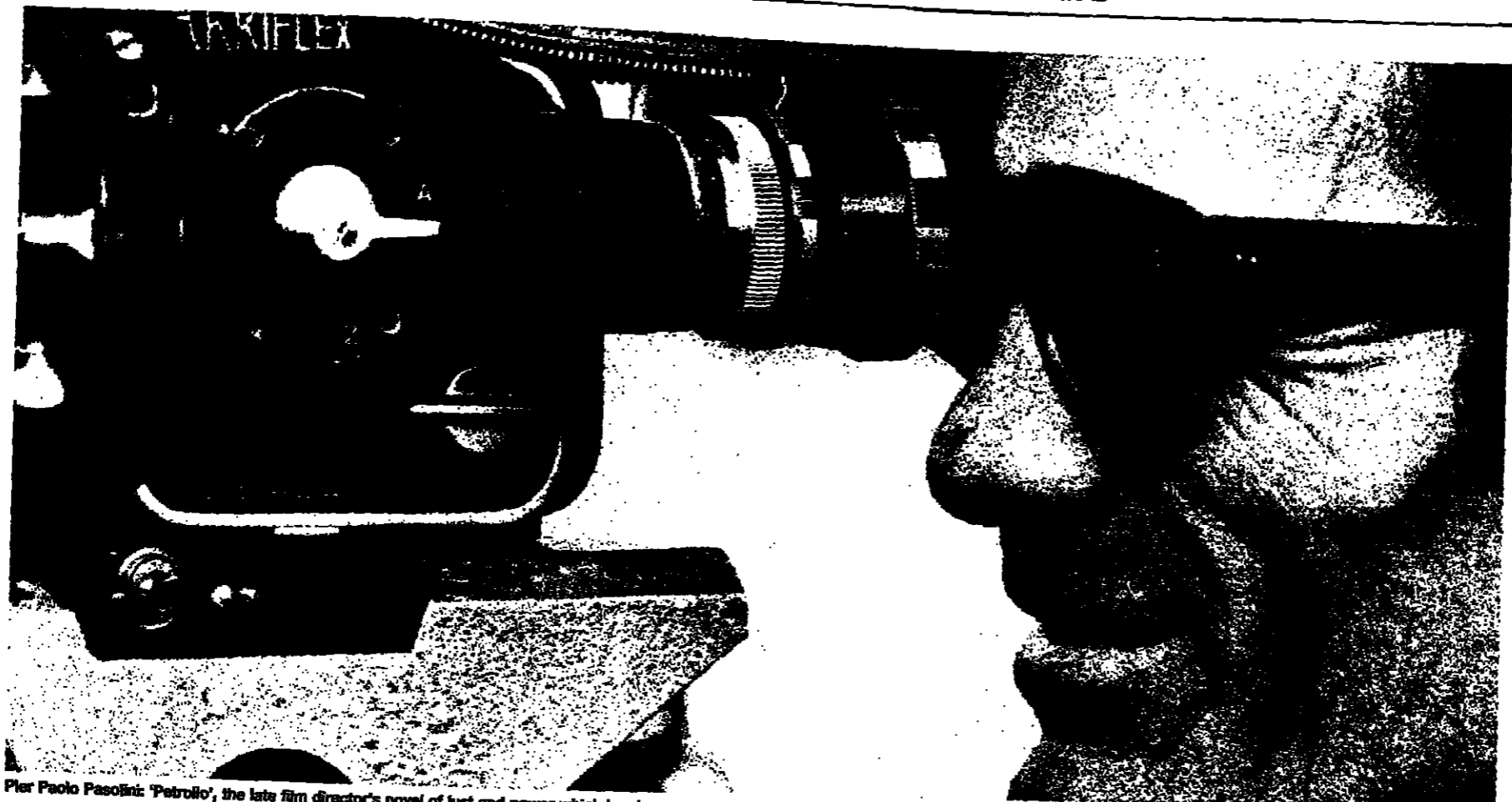
Yet with a round to play who could have guessed as much? Greg Norman had outplayed Nick Faldo over the closing holes of the third round to set up a six shot leading going into the final day. A coveted first green jacket, after so many disappointments, now appeared a formality.

Such a scenario discounted one impediment: that where Faldo is always inspired under pressure, Norman is often inhibited. If Faldo whittled away at the lead early on, then there was every chance that Norman would crack. So it proved.

The desperate sadness of watching a man unravel before one's eyes was weighed against admiration for a consummate stalker.

At the end Faldo hid his own joy to embrace the vanquished in a supreme sporting gesture. When he returned to Britain two months later he found himself showered with an affection that hitherto had always been missing; Norman, meanwhile, lost his appetite for the game. It will be Augusta next year before it fully returns.

BOOKS



Pier Paolo Pasolini: 'Petrolino', the late film director's novel of lust and power which has been suppressed for 17 years, appears in May

Happy singing the blues

B.B. King's signature tune is 'Every Day I Have The Blues'... over" to whites in the 1960s because his mix of blues, pop, and jazz was not "authentic" enough.

BLUES ALL AROUND ME: B.B. KING THE AUTOBIOGRAPHY BY B.B. King with David Ritz

Hodder & Stoughton £18.99, 324 pages

Hedonism - and feminism

Jackie Wullschlager looks forward to what the publishers have in store for us during 1997

If you're feeling guilty about festive excesses, the perfect New Year cure is Richard Klein's "post-modern diet book"...

millan, February) hinges on a genetic research programme which a female scientist must uncover to solve a murder...

quality fiction. There is Paradise (Chatto, October) by Toni Morrison; Paul Theroux's Collected Stories (Hamish Hamilton, January); new novels from Tom Wolfe (Cape, October) and Peter Carey (Faber, September)...

The Titanic, has been a European bestseller translated into 22 languages. And Arundhati Roy received £150,000 for her first novel about twins growing up in Kerala...

Tom Athanasiou's Slow Reckoning: The Ecology of A Divided Planet (Secker, February), lays bare the fallacies of feel-good environmentalism...

Sophisticated commentaries on pleasure mark a new 1990s genre - along with the biotechnological thriller

Shame (Heinemann, September), about the 19th-century Irish diaspora after the famine...

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The ones that got away

Susanna Rustin asked 10 publishers which books they would have most liked to publish during 1996, the ones they were proudest of and the ones they were glad to have missed

Reading in the Dark (Cape). I would love to have published Hilary Hale, Little Brown: "I have to declare an interest in my favourite novel Drumsong (Michael Joseph) which deals with a period and a subject which fascinates me..."

moreland: "John Murray, seller of tripe". The single title I'd have been most proud of is Richard Mabey's Flora Britannica (Sinclair Stevenson)...



Seductive: B.B. King

been most proud to publish is Norman Davies's Europe: A History (OUP) which has been acclaimed as the best one volume work on its subject we are likely to see for a generation...

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ARTS



Albert Finney, Tom Courtenay and Ken Stott in Yasmina Réza's 'Art', which has been called both the best and the worst play of the year

Theatre in 1996/Alastair Macaulay

A year of lustrous parts

Was this a good year? In March, London theatre reached what seemed its most parlous condition in living memory. Was this the last year? In October, London theatre seemed a cornucopia, a cause for local pride. In truth, there is always so much theatre in London that no-one can keep track of all of it and perhaps this fact alone is reason for pride. Still, quantity is not quality. In March, when Richard O'Brien launched his *Disgracefully Yours* - a rock would-be celebration of sin and hell - at the Comedy Theatre, the West End reached a new trough. That was short-lived, as was the much-ridiculed American musical *The Fields of Ambrosia*. However, some of 1996's other West End horrors - such as *Martin Guerre*, the latest Blouh-Schönberg brand of pseudo-idealistic pulp, and *By Jeeves!*, Andrew Lloyd Webber's and Alan Ayckbourn's predictable and torpid tour through Bertie Wooster country - are still with us, and are still a blight on the legend of London theatre. Ned Sherrin's new production of *Salad Days*, which ran for several months, was another headlong excursion into the banal. Every year in London, musicals grow more pervasive and, alas, worse; worse, be it noted, than any even the worst plays, of which 1996 also contributed its share.

And yet 1996, especially in its latter half, produced so large a number of theatrical glories that it deserves a lustrous place in the annals. Old plays by Euripides, Ibsen (three), and Beckett (two) came up looking more marvellous than ever. New or recent plays by Jim Cartwright, David Hare, Harold Pinter, Stephen Pollakoff (two), Craig Raine, Yasmina Réza, Wallace Shawn and Peter Whelan brought fresh eloquence and excitement to the London scene, as did new plays by Ben Elton and David Ives to the Notting-ham Playhouse, in a notable year there. New playwrights of accomplishment and talent popped up, it seemed, every month. And there were many outstanding performances by British actors. Several of this year's great performances have occurred in plays by Ibsen. In a blazingly sure performance, Janet McTeer carries an already excellent production of *A Doll's House* on what seems an unbroken wave of energy. Paul Scofield, Vanessa Redgrave, Eileen Atkins, and Michael Bryant devoted their contrasting and exceptional talents to reilluminating *John Gabriel Borkman*: a major event. At Chichester, Harriet Walter was a definitive Hedda Gabler, self-contradictory and self-destructive. She and Saskia Reeves were also wonderfully displayed, in roles full of surprise, by Pollakoff's *Sweet Panic*; and Frances de la Tour gave a seamless, stirring performance in the same playwright's *Blinded by the Sun*. Lindsay Duncan - lyrical, witty, poignant, divine - irradiated Pinter's *Ashes to Ashes*, in a performance of matchless economy. Maggie Smith, at her most laser-beam-like, and Margaret Tyzack, in gruffly noble form, showed how well Alan Bennett's *Talking Heads* suits live performance. Michael Gambon brought his extraordinary force, hilarious and vehement, to Hare's *Skylight*. Albert Finney, Tom Courtenay, and Ken Stott were finely showcased by Matthew Warchus's production of Réza's *'Art'*. The Irish actress, Rosaleen Linehan, carried the Dublin Gate production of Beckett's *Happy Days* (seen here at the Almeida) in a superbly judged performance of immense humanity, humour, and poetic eloquence.

These were wonders. By such high standards, Diana Rigg's award-winning *Martha in Who's Afraid of Virginia Woolf?* will not do like everything this actress has done throughout the 1990s, this performance seemed to be delivered in quotation marks, as if announcing "I am giving a Great Performance". The most sublime performances of the year came from Irene Worth. In three different programmes over the course of



Janet McTeer, who carries an already excellent production of 'A Doll's House' on what seems an unbroken wave of energy

a single week at the Almeida. Truth, variety, musicality, beauty, daring: all these were present in abundance. Above a high number and wide range of new plays, Pinter's *Ashes to Ashes* (at the Royal Court) stands out, head and shoulders. What it says ("No man is an island") is hauntingly refracted amid dialogue of the utmost tension and ambiguity. How amazing this is: while numerous playwrights half his age are turning out new plays about good old social realism, or melodrama, or - oh dear - important ideas, it is Pinter who is still doing most to advance the art of dramatic writing. The only other playwright whose work seems equally advanced is Wallace Shawn. His *The Desperate Mortar* (at the National Theatre) was baffling, and its leading role not given full justice by Mike Nichols (reading from autocue); but its current of language lingered afterwards in the mind with disturbing power. I hope to see it again. The Canadian actress Clare Coulter, on the Edinburgh Festival Fringe, performed Shawn's *The Fever* with an urgent power that revealed this monologue as exceptional (in January she will perform this at the Royal Court).

The Royal Court has kept up activity in three different auditoria throughout most of the year, all three being in the centre of the West End, while the home theatre is being rebuilt, and has done most to set the town talking about new plays. About new playwrights, too: Jez Butterworth (*Mojo*), Ayub Khan Din (*East is East*), Martin McDonagh (*The Beauty Queen of Leenane*), Mark Ravenhill (*Shopping and Fucking*) are among those who have become hot names now. Let me also, however, commend Samuel Anderson's poignant *Clocks and Whistles* (at the Bush Theatre). Homosexuality, physical violence, foul language, and explicit sex are still the boom themes for new plays: *Shopping and Fucking* and Sarah Kane's *Phaedra's Love* (at the Gate) come tied first for this year's most drastic forays into all these categories. There were, of course, dreadful new plays too. The National gave us two of them: Pam Gems's *Stanley* and David Lan's *The Ends of the Earth*. But it also gave us *Blinded by the Sun*, one of the two stimulating and surprising new plays by Pollakoff. Yasmina Réza's *'Art'* (at the Royal Court) has been called the best and the worst play of the year. I was immediately delighted by it, but find that it diminishes with recollection; and I

am curious to see it again. It was a particularly poor year for the national playwright. I saw only one Shakespeare production of real distinction: Tim Supple's unusually sober view of *The Comedy of Errors*, as moving as it was funny, at the Royal Shakespeare Company. For some other classic playwrights, however, 1996 was bright. The young director Katie Mitchell, working at both ends of the chronological spectrum, did marvels with one of Euripides' most apparently awkward plays, *The Phoenician Women* (at the RSC) and with Beckett's *Endgame* (at the Donmar Warehouse). The *Phoenician Women*, as enthralling a production of a Greek tragedy as I have known, is one of several stagings in recent years to reveal Euripides's stature; the *Endgame*, despite some insufficiently economical acting, displayed even to agnostics the humour and life-enhancing humanity in Beckett. Ibsen needs no defenders these days; and yet the three Ibsen productions I have mentioned - *John Gabriel Borkman* directed by Richard Eyre at the National, *Hedda Gabler* directed by Lindy Davies at Chichester, *A Doll's House* directed by Anthony Clark directed at the Playhouse - showed me more than any previous productions how rewarding Ibsen is, how narratively taut in twists and turns, how poetically multifaceted in meaning.

R evaluation is one of the most rewarding aspects of criticism. And the best way to re-evaluate plays is by seeing them in new productions. A year ago, I rated Chekhov higher than Ibsen. Now, I am by no means so sure. The more Tennessee Williams I see, the more I feel that he was one of those playwrights who could not not write well for the stage, and it was as good to see his rare in the *Bar of a Tokyo Hotel* at the Glasgow Citizens Theatre as his *Cat on a Hot Tin Roof* at the Harrogate Theatre. However, even the best production of one of the best plays by Arthur Miller - John Doyle's stag-

ing of *A View from the Bridge* at York's Theatre Royal, with the first-rate Vincenzo Nicoli as Eddie Carbone - cannot stop my esteem for this playwright from sinking lower. As for the National's staging of *Death of a Salesman*, it demonstrated plainly that David Thacker - Britain's foremost director of Miller's plays - only exposes the well-meaning hollowness of Miller's work. A playwright I never cease to change my mind about - this year, with both *Talking Heads* and *Habeas Corpus* (the latter directed at the Donmar Warehouse by Sam Mendes) - is Alan Bennett. A supreme satirist, I am not sure that he should be called a playwright at all. He never creates a world onstage; and his conception of individual human character is depressingly fixed. Although he is more witty than, say, Alan Ayckbourn, his plays are far less marked by dramatic variety and psychological flexibility. And the cleverly "English" smallness of spirit that characterises his writing makes me dislike England. Yet in *A Bed Among the Lentils* - the monologue that Maggie Smith, as Susan the vicar's alcoholic wife, delivers so mordantly - he transcends himself, by showing how Susan's small-spirited Englishness keeps on contemplating the exotic (Mr Ramesh Ramesh, the Indian who runs the off-licence) and the divinity. Critics often sound like authorities. But they are better when they work like investigators. And they are happiest when they respond like fans. When a production excites me, I want to see it again; and there were seven theatre productions I managed to see twice during 1996. *Ashes to Ashes*, *The Changing Room* (James Macdonald's Royal Court staging of David Storey's 1971 play), *Endgame*, *Happy Days*, *John Gabriel Borkman*. Other stagings - *The Phoenician Women*, the Chichester *Hedda Gabler* - I only wish I had seen a second time during their run; others - *A Doll's House*, *'Art'* - I hope to see a second time early in the New Year. Not a bad way to end the old one.

Theatre in Paris

Drama in haute couture

The French have a classical style in acting to which there is no British equivalent. Whether it is dreadful (in my experience, often), or marvellous (in a very few productions), it is deeply French, fascinating, and - to this British eye and ear - wholly exotic. It is most famously associated, of course, with the Comédie-Française. No British Hamlet would deliver "To be or not to be" with the complete stillness and economy with which Redjep Mitrovitsa delivered it there in early 1994. As I recall, he spoke it ("Etre ou non être") at the centre of the front of the stage, without once shifting a foot. During the speech's first third, he moved not a muscle. During the second third, he raised his arms, held them during a climax, then let them drop. In the last third, he again moved, not at all. Voice, eyes, bone-structure alone held the audience; and what they told of Hamlet's nobility and agony of mind.

Equally full of haunting stillness was Yannis Kokkos's 1991 staging, at the Comédie-Française, of Racine's *Iphigénie*. Those tragic triangular dilemmas that are so thrilling a feat of Racine's work became, in this staging, breathing geometries, in which the space between long immobile characters became charged with expressive tension. Such tension derives largely from the extraordinarily noble stance of the actors, beautifully composed, and mesmerising in stillness.

But, while they do not move, they speak; and, through the handsomely liquid current of the actors' vocal tone, the intense pulse of the rhymes and metres of Racine's verse keeps hammering into the air. And, just sometimes, they gesture. I will recall how Iphigénie (Valérie Drévieux) listening, suddenly raised an urgent arm in mute appeal to the speaker; held it, while still listening; and then, solemnly at what she heard, slowly let it drop to her side.

More often, alas, the Comédie-Française presents acting that is glamorous, refined, but wholly concerned with surface effects. Such a staging is the current one of Racine's *Phèdre*, directed by Anne Débé, with costumes by - oh yes - Christian Lacroix in his most prettily fridolent notion of Louise Quatorze *haute couture*. Again, I admire the technical finesse with which these actors create, phrase, gesture, and stand. Many a ballet dancer could learn about *port de bras* from these French actors; many a singer about flowing vocal *cantilena*.

Many a model, for that matter, could learn from them about *maquillage*. (Specially credited in this production to Philippe Rouvet.) How the eye lingers on the lovely colour scheme with which Eric Génovese, as Hippolyte, makes his face more memorable: a dully glowing whiter shade of pale a perfectly turning into a

gleaming rose-pink on the cheekbones themselves. His lipgloss was a poem in itself; my lexicon is too limited to describe it. His and other actors' voices were made of honey, peonies, port, oysters, everything gorgeous, and Racine's metres were intoned with magisterial and lavish power. And it is all appalling, and deadly dull - even though the production, more or less outrageously, makes out that Hippolyte actually eggs on his stepmother Phèdre, in loving him. Minor characters are dressed as if to embody the rival goddesses Diane and Racine's metres were intoned with magisterial and lavish power. What tension there is - usually produced by that Comédie-Française stalwart, Martine Chevallier, in the title role - is ostentatiously contrived, with sudden (and exaggerated) changes of volume (Chevallier's *pianissimo* is especially fine), and a laboriously Wonderful.

'Phèdre' - dressed by Lacroix, intoned with magisterial power - was appalling

achieved tragic solemnity. I never thought the day would come when I found a Comédie-Française artiste technically inadequate in verse-speaking; but Céline Samie, glorious to look at as Aricie (Hippolyte's not very *bien-aimée* in this production) but a grandiose bore to listen to, ended her every Alexandrine with the same vocal downward slide. Meanwhile, at the Odéon-Théâtre de l'Europe, the French classical style is applied to Christopher Marlowe's *Edward II*. This production, however, is as bleakly austere as the Comédie-Française *Phèdre* is elaborately embellished. *Edward II* has plenty of impulse and action, but here one is more aware of one bleak impassé after another.

The result - though long, at three hours and a half - is highly impressive. Even the vocal beauty of the Comédie-Française style has been pared away here, and though the actors can all stand still for long periods with absolute assurance they do so with not a jot of glamour.

As with the 1994 Comédie-Française *Hamlet*, the old Russian play acquires an unusual new power in this French rendition. Certain physical motifs - notably, a foetal pose on the floor - are schematically deployed; arm gestures, though very seldom employed and very seldom "natural", are given complete force. Tension keeps emanating through the seemingly subdued style of both speech and stance. And the plot, thus severely displayed, becomes enthralling.

A.M.

Radio/Martin Hoyle

Glimpses of how we live now

If you picked your way through the BBC's dogged Americanisation of the ether, it was possible to piece together a family Christmas on the radio: glimpses of how we live now, not sentimental but often touching, funny and engaging. Radio 5 came up with a near-Dickensian benefactor in *Lawrence Bailey: 20th-Century Victorian*, a spry 85-year-old whose endowments include an art gallery, sports grounds and the splendid Lawrence Bailey Theatre in Huddersfield. The dapper Yorkshireman was approaching middle-age and retirement when he developed his cash and carry business. To his sporting interests we owe golf tournaments and the Lawrence Bailey Handicap (at York races, where he takes the workforce on mass outings like those of his youth). A study in entrepreneurial

self-reliance to warm the heart of any Grantham grocer's daughter, in fact. But not entirely. "Liverpool was a great problem," he admitted: there he had a staff of 120 doing the work of 80, but refused to make any redundancies. He believes business is built on mutual trust. Not quite the perfect Thatcherite, perhaps. "I've always had staff who stayed with me for years and years, and years," more or less echoed his sentiments; but the speaker was Viscountess Scarsdale, a formidable 91-year-old. In Boxing Day's *Padi Companion* on Radio 4 we met her ladyship and Nancy Cammage, her

live-in companion-secretary-cook-chauffeuse. They get on well, though Nancy is sometimes lonely, misses her own family (she is in her 80s) and would like her own things around her. These perfectly adjusted and sensible women were set off by the inanity of many of an awestruck Simon Parkes' questions. The gardens created by the Viscountess in the modest home she found after leaving Kedleston Hall moved him to wonder. "What were the huge stone balls, like cannon shells?" "I haven't the faintest idea," replied Lady S in the tones of one who has lived long and grown to suffer fools

almost absent-mindedly. "You don't miss Robert Adam's great sweeping staircases?" "Of course I miss them," replied the peeress with the faintest touch of asperity. It was a good season for filled ladies on the air. On Christmas Day the Countess of Bradford organised (she would have made a good world war commander, opined the obedient Earl) one of the three households visited during last year's festivities in *Our Christmas*. The most endearing was a loud, cheerful and affectionate northern family headed by Mark, nicknamed "Magical Marco" and one could understand why. He adores Christmas, insisted on putting the 30-foot tree up in the garden at the beginning of December, and in the opinion of his long-suffering wife, had gone "over the top" in his passion for Santa Claus and fairy-lights around each window. She would have preferred something simple in red and gold, proving herself a sister under the skin to Lady Bradford, who had imposed this theme on her more capricious husband. The third household consisted of three flatmates, brash young men whose laughter had that birthless quality associated with these

ical Marco, dreaming of the lottery and a Hawaiian beach. "but I wouldn't go without the family." One of the three blokes recalls a lonely, broke Christmas with a "little weep" over a Bernard Matthews turkey dinner. The Earl cheerfully addresses himself to the washing-up. Up north Mark earnestly abjures us. "You've got to be happy." He mischievously leaves the sound on, recording Nana's snores as he tips-toes away. I hope, I do hope, it will be the same next Christmas.

ART GALLERIES

ANNE REDPATH/JOAN EARDLEY and 18th January 1997, Duncan R Miller Gallery 1st West Register St Glasgow 0141 204 0788 for information.

ARTS

Orchestras in tune with the times

In Vienna you can hear more of the best German-language opera and Lieder singers, a great orchestra, and chamber-ensembles steeped in the Viennese-classical tradition. In New York, more of the best Italian and the native voices, who nowadays form a sizeable proportion of the world's most thoroughgoing professionals, the NY Philharmonic, a constant stream of fine visiting bands and instant appearances by any soloist who has created a sensation somewhere. Paris, Berlin and Amsterdam have their own strengths, slightly more parochial. But the enormously wide range of "classical" music in London is unequalled, its catchment-area for European artists spread wide and judiciously, the average quality of the performances remarkably high: I believe we are uniquely lucky. An extraordinary number of non-British performers chose to live in London, even when their careers are reserved heretofore to solo virtuosi.

largely abroad - as much because of the rich musical fare here as of the convenience of Heathrow, with flights to almost anywhere where they might be giving concerts. You might suppose, on account of press reports, that London's main orchestras (five of them, an extravagant number) and opera-houses (two, like New York and Vienna) are in imminent peril of collapse and bankruptcy. Indeed, you may have thought that for several years; and yet none of those national treasures has foundered. The Royal Opera may have pulled in its horns - very few new productions, many dogged recyclings of old ones - for the last few months before it sinks for rebuilding, but the ENO's programme positively bristles with novelties. Meanwhile the Wigmore

Hall, under Bill Lyne's canny direction, is sold out again and again for solo recitals and chamber music. Performers love it for its perfect acoustics; somebody in the Kuhmo Festival team, rehearsing there last year, exclaimed "It's like playing inside a Strad!" Admittedly it is "elitist". The Wigmore holds a nightly audience of less than 500, and quite often its devoted subscribers gobble up all the seats before the general public gets a look-in. We could well do with another London hall designed for an audience of 600 or 800, if it came anywhere near to matching the Wigmore sound - an acoustic that leaves your best CDs sounding flat and distant. By various ruses, our five chief orchestras survive in the bigger halls. The LSO,

through its secure Barbican residency and the return of Sir Colin Davis as its principal conductor; the BBC SO through public funding, but also by boldly imaginative programming and promotion. Last month its eminently worthwhile but unlikely performance of William Bolcom's *Songs of Innocence and of Experience* after Blake - Bolcom is a jolly American eclectic, hardly known here - managed to draw almost a full house at the Royal Festival Hall. Its recent policy of selling all-unreserved seats at a modest fixed price has paid off extremely well. The struggling Royal Philharmonic has decamped to the Albert Hall, hoping there to enhance its reputation beyond the bargain-CD market. Though it has a trump card in its

new conductor Daniele Gatti, prior commitments mean that he can begin full-time operation with the orchestra only from March; we wait to hear. Just in the nick of time, the Philharmonia has acquired Christoph von Dohnanyi as its principal conductor, who should assure their future for a good while. Only the London Philharmonic dances in the wind, excellent though it is: since Klaus Tennstedt withdrew as its principal conductor it has been in desperate need of a full-time conductor with clout, and so far have not found him. The times are difficult for classical orchestras, but not only in Britain. A major American orchestra on tour has been on the verge of striking on the very day it was to reach Vienna; and a

week or so after one of the great performances I heard this year - of Bruckner's Third Symphony, by Kurt Masur and his Leipzig Gewandhaus orchestra - that conductor resigned in dudgeon over the bureaucratic and financial constraints that were cramping his musical work.

Though nobody says it, the fundamental problem is that the classical symphonic repertoire was budgeted for performance by lowly, ill-paid musicians, and is now played by highly trained and well-rewarded ones. The figures don't add up: respectable wages for an orchestra of a hundred or more expert players trained to stringent standards, most of whom could (and often do) earn more these days by one-off stints for television

commercial, exceed the take for almost any adequately rehearsed concert. Now, the inherited repertoire that we love is almost a guaranteed loss-maker in live performance. It needs to be propped up by profitable CD recordings - the very things that threaten live performances, in which performers now perfect their expertise before turning to records for a decent payoff. As for contemporary music, even modestly "atonal" stuff demands more sharp-eyed, acrobatic playing than most of the older repertoire, and the last 40-odd years have found composers expecting - especially with the lavish state support of the 1960s and '70s in mind - whole orchestras to possess powers



The dominant Royal Ballet artists were Irak Mukhamedov, his Albrecht and Romeo without peer; and Darcey Bussell, for whom 1996 was a year of radiant achievement

Dance in 1996/Clement Crisp

In search of the way ahead

Dawn Powell (an under-rated writer) noted: "Depressing year, but not as depressing as the thought of a new one". The words strike a chord as I look back over 1996 and wonder about the security of our dear, old and, everyone supposes, indestructible ballet. Ballet is the chief matter I reviewed this year. It has not looked in good health for some time, and little in the past 12 months leads me to believe that it has found - or faintly discerned - a way ahead. (The year, significantly, brought the death of Lincoln Kirstein who made possible the flowering of 20th-century classical ballet when he brought George Balanchine to America.) 1996 was the year when a travesty of *Swan Lake* (Matthew Bourne's male-swam gloss) reached the West End and played in continuing performance for months. It was the year when the Bolshoi Ballet went to Las Vegas and died a box-office death. And as the old balletic order changed, yielding place to nothing new in Russia, disarray is rife. Without its Soviet identity, Russian ballet has yet to find a reason for existence. (I saw the Bolshoi in Graz, and was saddened by the prevalence of harsh bravura in the performances). Both new choreography and new incentives are urgently needed to save the art from seeming as marmoreal and remote as it was in Russia when our century began. Few are the choreographers today who boast the clarity of means and sense of lineage so essential to ballet's life. Jerome Robbins makes small, perfect things: his Bach cello suite at the Paris Opéra (grandly danced by Manuel Legris and then by Nicolas Le Riche) and his *Bach Two and Three-part Inventions* for New York City Ballet were the best novelties I saw this year. (Robbins' former feisty matched to Bach's.) I rejoice that young Christopher Wheeldon that a graceful *Souvenir de Florence* for the Royal Ballet's Dance Bites tour, and then created the gentle *Pavane* at Covent Garden, where it was enchantingly danced by Darcey Bussell and then with equal lustre by the gifted Chloe Davis. (The rest of the Dance Bites

offerings were a veritable tonic to the spirit.) A significant creation was Michael Corder's three-act *Cinderella* for English National Ballet. Corder, whom the Royal Ballet decided it could do without - for inexplicable reasons - showed yet again that he is a fluent, musical maker of classical dance. Unhappy news was Matthew Hart's Aids-concerned *Dances with Death* at Covent Garden, and unhappy still the fact that he was to join Rambert rather than remain with his home company. Other novelties of the year were Ashley Page's ludicrous duet for Mukhamedov and Viviana Durante at a Lisztian hodge-podge, and his *Two-part Inventions*, over-egged as to score (a Prokofiev piano concerto and over-burdened with steps and design). David Bintley's *Far from the Madding Crowd* for his Birmingham Royal Ballet is destined never to be far from the maddened box-office, so well-equipped is it with rustic charm. An awful arrival in Birmingham from Canada was James Kudulka's *Bois de la Jolie*, but Bintley pulled off an ebullient version of Duke Ellington's jazzed-up *Nutcracker* with his *Nutcracker Sweeties*, which his artists danced joyously well. Bintley also encouraged 11 young dancers from his company to make choreography to sections of the Mozart Requiem: a brave move and very welcome. (This creative workshop is repeated this winter: cheers and more cheers.) At Covent Garden, 50 years of Royal Ballet residence was marked by a gala performance of *Sleeping Beauty*. Some of the dancers from 1946 (a blessed horde) were on stage to see Darcey Bussell triumph over a hideous staging, and Dame Ninette de Valois, indomitable, glorious, came on stage in her 88th year. The company paid tribute to Kenneth MacMillan by reviving *Anastasia* in a handsome production (in which Viviana Durante and Sarah Wilder were excellent), bringing back *The Prince of the Pagodas*, and restoring *The Invitation* to the repertoire. Dominant male artist at the Opera House was Irak Mukhamedov, his Albrecht and his Romeo without peer. For Darcey Bussell, 1996 was also a time of radiant achievement: her dancing has been an abiding marvel. Adam Cooper in his Opera House repertoire and as Bourne's Swan was powerful, haunting, a rare artist. Birmingham Royal Ballet gave an alert reading of *Agon* and staged Robbins' *The Cage* in fine style. English National Ballet travelled a great deal, and came to the Coliseum with *Cinderella* and *Alice in Wonderland* (production as substitute for steps), and *Giselle* (a wrong-headed first act, but Act 2 made tremendous by Thomas Edur's Albrecht). Edur left to join Birmingham Royal Ballet. A Royal Festival Hall season brought a dim "ballet" by Christopher Dean supposedly about the tensions of a

Few are the choreographers today who boast the clarity of means and sense of lineage so essential to ballet's life skater's life. (The ice was cracked, and so was the choreography.) More sensibly, the company acquired MacMillan's *My Brother, My Sister*. Among the heroes of 1996 was Christopher Bruce, who led his Rambert troupe to the Coliseum for a triumphant week. Prices were kept below £20, thanks to Granada sponsorship, and ecstatic houses greeted dancers on peak form. Other heroes were Jonathan Burrows, who made *The Stop Quartet*, his most searching work to date; and Mikhail Baryshnikov. At the Coliseum with his White Oak Project, Baryshnikov was seen - in his 48th year - as a genius of the dance, absolute in command of his art. Mark Morris (who made a beautiful study for Baryshnikov) has this same quality as a dancer. His account of *Ten Suggestions* (mastery dressed in pink pyjamas and toying with a hoop) was a thrilling part of his Edinburgh Festival season. Heroines of the year included Siobhan Davies, who produced two pieces, her choreography having an even keener edge than heretofore in making shapes and touching our senses; and Manuela Carrasco, a flamenco star who was incandescent amid a less than fiery season at Sadler's Wells. The return of Lynn Seymour to the stage in Matthew Bourne's *Swan Lake* won the "Cause for Rejoicing Award of 1996". "Most Welcome Building Work of the Year" was the pulling down of Sadler's Wells Theatre, soon to be replaced by a structure able to house dance without the performers barking their shins on the scenery. Among new dance-works, I was impressed by Kim Brandstrup's *Crime Fictions* for his Arc Dance troupe, and his *Skolton* for Rambert, which both dealt with the uncertainties of truth. Abroad, I was grateful for almost everything the Paris Opéra staged. At the refurbished Palais Garnier (millions well spent) and the Bastille, the dancers were on superlative form. Apart from a lamentable new *Coppelia*, there were dazzling accounts of ballets by Lifar, Robbins, Massine, Petit, Ashton, Paul Taylor, Balanchine. The men, headed by Manuel Legris, Laurent Hilaire, Nicolas Le Riche, Kader Belarbi, were astonishing. Among the women stars, Elisabeth Flatel remains a classicist's joy, not least as the ballerina in *Rhapsody*, and Elisabeth Maurin and the young Aurélie Dupont were delights. Jose Martinez made a tremendous impression in *Rhapsody*, and was also a notable Miller in *Le Tricorne* in Nice. The Nice Ballet, characteristically, staged an imaginative Picasso programme, with *Tricorne* and *Parade* joined by a version of the *Cuadro Flamenco*. Picasso's witty set framing a vivid performance by the Cristina Hoyos troupe. The Paris Opéra Ballet School revived Lifar's *Le Chevalier et la Damselle* very well; in Nancy, Pierre Lacotte presented a restoration of *L'Ombré*, one of the treasures of the Romantic age, with Montique Louderes and Andrey Fedotov. In Amsterdam, the Dutch National Ballet staged an admirable Balanchine festival, mounting nine of his ballets - they have another 18 in stock! - and in Toulouse the Capi-

Pop Records in 1996 Back to the future

It has been a year rich in discoveries in the pop world, but not always of a positive kind. Oasis fans found that their much-hyped heroes were capable of the sublime - thrilling performances at Knebworth and Loch Lomond - and the mediocre - a Liam-less line-up playing a polished but uninspired *Unplugged* set at the Royal Festival Hall just a few days later. Beatles fans finally discovered, with the release of *Anthology II and III*, that there were no lost masterpieces left in the can after all, just some admittedly high-class doodling in the studio. And the previously all-conquering R.E.M. found that superstardom can be a pretty fickle business, when their generally excellent *New Adventures in Hi-Fi* album sold disappointingly. In the absence of a new Oasis album, and with the world's eyes, courtesy of Newsweek's "London is Cool" spread, firmly set on Albion's swingers, Britpop's other contenders had a chance to strut their stuff. And very pleasant it was too; this is something of a golden age for snappy, three-minute melodies with a hook you can whistle on your way to the rave. Dodgy (*Free Peace Sistas*) and The Beautiful South (*Blue is the Colour*) made respectable contributions to the genre, but Ian Droudie and his Lightning Seeds had the most cause to celebrate 1996, not only for the timely and exuberant *Decay Heights*, but also the extraordinary success of England's Euro 96 anthem "Football's Coming Home", written by Droudie, whose face as he sat among the guests in Wimbledon's Royal Box was the picture of blissful contentment. A song of its time. Ocean Colour Scene's *Moseley Shoals* was full of good tunes too, and featured some tasty playing; at best, the band captured that loose, raunchy feel of middle-period Stones, while their single "The Riverboat Song" showed off their more aggressive side to telling effect. The Manic Street Preachers achieved the remarkable feat of causing their home town of Newport, Wales to be described as the "new Seattle". *Everything Must Go* was a powerful work, raw, anthemic and tinged with a melancholy air, which made a pleasing contrast to their unremittingly jolly competitors, although I found it a little portentous. Kula Shaker effortlessly won the silliest 1996s pastiche award with *K*, a remarkable act of homage to eastern mysticism, heavy bass playing and lyrical non-sequiturs; yet the group is rather winning in its shrewd naivety: who else would dare open an album with a song called "Hey Dude"? Or write a tribute to Jerry Garcia? Maybe they are just teasing us after all. The title of George Michael's long-awaited post-courtroom wrangle album, *Older*, declared its intentions with refreshing clarity: lyrically, this was his most mature and courageously personal work, but the slickness of the music was a little predictable, particularly on the up-tempo numbers. Other notable comebacks came from Neneh Cherry (*Man*) and Patti Smith (*Gone Again*); even Prince, with the triple *Emanicipation*, showed signs of a return to form, but I cannot help wondering, after all those years of childish posturing, if anyone cares anymore. R.E.M., having signed the mega-deal of the year with Warner Bros, rewarded their new label with *New Adventures in Hi-Fi*, a dense and characteristically moody work which certainly deserved to do better in the charts - what price a return to the heavier, rock-oriented sound of *Monster* for their next move? Beck's *Oedipus* was the most intriguing American export of the year, with its bewildering blend of rap and balladry, sampling and pedal steel guitar, folk tunes and grungy arrangements. One to look out for in the future. It has been a bad year for the giants of the 1960s, who received so many name-checks from worshipful bands in 1996 that they might have been fooled into thinking that time had stood still. It hasn't. The Beatles *Anthology* albums were fascinating to hard-core fans, but revealed few new gems. My personal favourite moment was a remarkable early version of John Lennon's "Tomorrow Never Knows" on *Anthology II*, which sounds about 25 years ahead of its time. The same cannot be said of The Rolling Stones' *Rock and Roll Circus*, from 1968, sold as the moment when "it seemed that rock and roll would inherit the earth", although the subsequent video better captured the meandering allure of the young Mick Jagger and the young, beautiful Marianne Faithfull. The remaining members of The Who made a brave attempt to capture the spirit of their heyday with a live performance of *Quadrophenia* in Hyde Park, but the elements, and a general air of Euro 96 anti-climax, were against them. Once again, the category known as world (ie non-Anglo-Saxon) music provided some of the year's curious moments: the year: Nitin Sawhney's *Displacing the Priest* mixed Asian spirituality with jazz funk; the Afro-Celt Sound System's *Volume One Sound Magic* sounded exactly as you would think, and made a surprisingly smooth marriage. Finally, to a category of album which has in the past been rightly derided as uninteresting and exploitative: the movie soundtrack. This year there were two essential *side-memoires* to two very fine movies: *Dead Man Walking* featured songs by Bruce Springsteen, Johnny Cash, Suzanne Vega and others which had been inspired by Tim Robbins's film, as well as the actual soundtrack which twinned Nusrat Fateh Ali Khan with Eddie Vedder to marvellous effect. Then there was *Transporting*: can we ever again listen to Iggy Pop's *Last for Life* without thinking of the thrilling, adrenalin-charged opening of Danny Boyle's brilliantly realised film? A perfect blend of sound and image, at once life-enhancing and terrifying. There are worse ways to remember 1996. Peter Aspdon

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INTERNATIONAL ARTS GUIDE

What's on in the principal cities

AMSTERDAM

**CONCERT**  
**Concertgebouw** Tel: 11-20-6718345  
 • Tokyo Chamber Soloists: with violinist Yoko Kubo, cellist Ko Asekai and pianist Shuiku Iwasaki perform works by Schumann, Beethoven, Kodaly and Schubert; 1.15pm; Jan 2  
 • De Nieuwe Kerk Tel: 31-20-6268168  
 • Gustav Leonhardt, Bernard Winsemius and Nico van der Meel: the organ-players and tenor perform works by Holländers, Huygens and J.S. Bach; 3pm; Jan 1

DANCE

**Het Muziektheater** Tel: 31-20-5518117  
 • Nutcracker and Mouseking: a special New Year's day matinee performance by the Dutch National Ballet of this choreography by Toer van Schayk and Wayne Eagling to music by Tchaikovsky. With special guest soloists Yelena Panikova and Carlos Acosta; 2pm; Jan 1

BIRMINGHAM, US

**CONCERT**  
**Symphony Hall** Tel: 44-121-2020000  
 • Glenn Miller Orchestra: with conductor John Watson and special guests Tony Mansell, Jan Messeder, The Moonlight Serenades and the Uptown Hall Gang perform Glenn Miller favourites in their original arrangements. Including Chattanooga Choo Choo, Pennsylvania 6-5000, St. Louis Blues March, Moonlight Serenade, In the Mood, and other works; 7.30pm; Dec 30

BATH

**EXHIBITION**  
**Victoria Art Gallery** Tel: 44-1225-477000  
 • Picasso: Histoire Naturelle: touring exhibition presenting a set of 31 prints by Picasso from the collection of the Hayward Gallery, in them, the artist depicts animals, birds, insects and other creatures. Begun in 1936 for the picture dealer and publisher Ambroise Vollard, Picasso created these images to accompany the classic 18th-century text "Histoire Naturelle" by the French naturalist George-Louis Leclerc de Buffon. The works combine a wide variety of techniques, including lift-ground aquatint, etching and drypoint; to Jan 4

BERLIN

**CONCERT**  
**Conzerthaus** Tel: 49-30-203090  
 • Berliner Sinfonie-Orchester, with conductor Michael Schonwandt and violinist Joana Kamensarova perform works by Berlioz, Bizet, Bartok, Sverndsen and others; 7pm; Dec 31  
 • Rundfunk-Sinfonieorchester Berlin: with conductor Jeffrey Tate, soprano Hillevi Martinpelto, alto Jagmar Peckova, tenor Stefan Vargita, bass Franz Hawlata and the Rundfunkchor Berlin perform Beethoven's Symphony No.9 in D minor, Op.125; 8pm; Dec 30, 31 (4pm)  
**Philharmonie & Gammelmusiksaal** Tel: 49-30-2614383  
 • Berliner Philharmonisches Orchester: with conductor Claudio Abbado, baritone Bryn Terfel and the Swedish Radio Choir perform works by Brahms and Schubert/ Strauss; 8pm; Dec 30, 31 (3.15pm)  
**Opernhaus Unter den Linden** Tel: 49-30-20354438  
 • Symphony No.9 in D minor, Op.125; by Beethoven. Conducted by Daniel Barenboim, performed by the Staatskapelle Berlin and the Staatsoperchor. Soloists include Jorja Hahn, Katharina Hammerlöhner, Endrik Wottrich and Wangchul Youn; 8pm; Dec 30

DEUTSCHE OPER BERLIN

**EXHIBITION**  
**Deutsche Oper Berlin** Tel: 49-30-3438401  
 • Ballet-Gala: soloists of the Ballet der Deutsche Oper Berlin and several guest dancers from their companies celebrate the end of the year with a ballet gala featuring choreographies by George Balanchine, Ray Barra, John Cranko, Nacho Duato, William Forsythe, Jiri Kylian, Jozsef Mushi, John Neumeier, larus Petipa, Dietmar Seyffert, Stephen Thross and Mats Ek; 7pm; Dec 31

COPENHAGEN

**DANCE**  
**Det Kongelige Teater** Tel: 45-33 69 69 69  
 • A Folk Tale: a choreography by August Boumtonville to music by Gade/Hartmann, performed by the Royal Danish Ballet; 8pm; Dec 28, 29

DUBLIN

**CONCERT**  
**National Concert Hall** Tel: 353-1-6711888  
 • National Symphony Orchestra of Ireland: with conductor Albert Rosen, soprano Mary Callan Clarke and tenor Dennis O'Neill perform works by Mozart, Puccini, Bizet and others; 3.30pm; Jan 1

PERLA

**EXHIBITION**  
**Deutsche Oper Berlin** Tel: 49-30-3438401  
 • Die Zauberflöte: by Mozart. Conducted by Stefan Soltesz, performed by the Deutsche Oper Berlin. Soloists include Amanda Aguirre, Carol Malone and



Yuri Temirkanov conducts in Rome

Clamens Bleber; 7pm; Jan 1

BIRMINGHAM, US

**CONCERT**  
**Symphony Hall** Tel: 44-121-2020000  
 • Glenn Miller Orchestra: with conductor John Watson and special guests Tony Mansell, Jan Messeder, The Moonlight Serenades and the Uptown Hall Gang perform Glenn Miller favourites in their original arrangements. Including Chattanooga Choo Choo, Pennsylvania 6-5000, St. Louis Blues March, Moonlight Serenade, In the Mood, and other works; 7.30pm; Dec 30

BOSTON

**EXHIBITION**  
**Museum of Fine Arts** Tel: 1-617-267-9300  
 • Alfred Steiglitz and Early Modern Photography: an exhibition of 112 photographs and photogravures, plus copies of Steiglitz's magazine "Camera Work", letters in his hand and paintings by artists he exhibited. The display provides an overview of Alfred Steiglitz's 50-year career as photographer, editor and gallery owner. The exhibition also features works of photographers who Steiglitz published and/or exhibited during his lifetime, including Ansel Adams, James Craig Annan, Alvin Langdon Coburn, Frederick H. Evans, Paul Bury Haviland, Gertrude Käsebier, Heinrich Kühn, Elliot Porter, George H. Seeley, Edward Steichen, Paul Strand, Karl Struss and Clarence H. White; to Dec 29

BRUSSELS

**EXHIBITION**  
**Palais des Beaux-Arts** Tel: 32-2-5078466  
 • Karl Blossfeldt: exhibition of works by the German photographer Karl Blossfeldt (1865-1932), who is specially known for his detailed black-and-white photographs of flowers and plants. The display features about 200 original photographs; to Jan 5

OPERA

**Théâtre Royal de la Monnaie** Tel: 32-2-2212000  
 • Die Zauberflöte: by Mozart. Conducted by David Robertson, performed by La Monnaie. Soloists include Ernst Theo Richter and Judith Vindevogel; 7pm; Dec 28, 31 (7pm)

COLOGNE

**DANCE**  
**Opernhaus** Tel: 49-221-2218240  
 • Der Nussknacker und der Mausekönig: a choreography by Jochen Ulrich to music by Tchaikovsky, performed by the Tanz-Forum Köln; 4pm; Jan 1, 4 (7.30pm)

COPENHAGEN

**DANCE**  
**Det Kongelige Teater** Tel: 45-33 69 69 69  
 • A Folk Tale: a choreography by August Boumtonville to music by Gade/Hartmann, performed by the Royal Danish Ballet; 8pm; Dec 28, 29

DUBLIN

**CONCERT**  
**National Concert Hall** Tel: 353-1-6711888  
 • National Symphony Orchestra of Ireland: with conductor Albert Rosen, soprano Mary Callan Clarke and tenor Dennis O'Neill perform works by Mozart, Puccini, Bizet and others; 3.30pm; Jan 1

PERLA

**EXHIBITION**  
**Deutsche Oper Berlin** Tel: 49-30-3438401  
 • Die Zauberflöte: by Mozart. Conducted by Stefan Soltesz, performed by the Deutsche Oper Berlin. Soloists include Amanda Aguirre, Carol Malone and

taste and reveal the extraordinary quality of his collection; to Jan 5  
**JAZZ & BLUES**  
**100 Club** Tel: 44-171-6360933  
 • New Year's Eve Party: featuring Laurie Chescoe's Goodtime Jazz and Ray Foxley's All Stars with Alan Gresty, Dick Charlesworth and George Tidman; 7.30pm; Dec 31

OPERA

**Royal Opera House - Covent Garden** Tel: 44-171-2129234  
 • Chérubin: by Massenet. Conducted by John Eliot Gardiner, performed by the Royal Opera. Soloists include Elizabeth Futral, Alison Hagley and Nicole Tibbels; 7.30pm; Jan 1, 4 (8pm)

THEATRE

**Lyttelton Theatre** Tel: 44-171-9210631  
 • Elsinore - Variations on Shakespeare's Hamlet: a solo show based on Shakespeare's Hamlet, created, directed and performed by Robert Lapage. The music is composed and performed by Robert Calux; 7.30pm, Jan 8, 11 also 2.15pm; from Jan 4 to Jan 11

NEW YORK

**CONCERT**  
**Avery Fisher Hall** Tel: 1-212-875-5030  
 • New Year's Eve Gala: featuring the New York Philharmonic with conductor Zubin Mehta; 8pm; Dec 31

SOLOMON R. GUGGENHEIM MUSEUM

**EXHIBITION**  
**Solomon R. Guggenheim Museum** Tel: 1-212-423-3600  
 • Elsworth Kelly: this exhibition is the first complete survey of the artist's painting, sculpture, works on paper, and photographs. Featuring more than 250 objects and spanning five decades, the display offers insight on Kelly's contribution to the development of American abstraction. Works throughout the artist's career are highlighted, including large-scale paintings and sculpture created in the past two decades, in addition to five paintings and three sculptures completed specially for the exhibition; to Jan 15  
**Whitney Museum of American Art** Tel: 1-212-570-3600  
 • Views from Abroad: European Perspectives on American Art II: the second of three comparative exhibitions analysing the artistic relationship between the US and Europe during the 20th century. For the series, three directors of European museums create exhibitions combining the Whitney Permanent Collection with their own, to be presented at both institutions. This exhibition is curated by Jean-Christophe Arnemann of the Museum für Moderne Kunst, Frankfurt and features primarily post-war drawings, painting and sculpture, including: Vija Celmins's "Heater" (1984), Rosemarie Trockel's "Daddy's Striptease Room" (1990), and Robert Gober's "Untitled (Hairy Shoe)" (1993); to Jan 5

JAZZ & BLUES

**The Queen's Hall** Tel: 44-131-6683456  
 • Carol Kidd with Suzanne Bonnar & Fiona Duncan: performance by the three Scottish jazz singers; 7.30pm; Dec 31

FRANKFURT

**CONCERT**  
**Jahrhunderthalle Hoechst** Tel: 49-69-3601240  
 • Gold und Silber - Eine nostalgische Musikreise in die 20er und 30er Jahre: the Staatsphilharmonie Rheinland-Pfalz with conductor Siegfried Köhler perform highlights from operettas and musicals from the 1920s and 1930s, including works by Lincke, Künneke, Kollo and others. Soloists include narrator/vocalist Carry Sass, soprano Franziska Stanner, tenor Johannes Kalpers, pianist Alexander Muchin and bassonist Ulrich Freund; 8.30pm; Dec 31

HANOVER

**OPERA**  
**Opernhaus** Tel: 49-511-1686161  
 • Macbeth: by Verdi. Conducted by Hans Urbanek, performed by the Hanover Staatsoper (premiere). Soloists include Andreas Förster, Andreas Mocco and Karen Bureau; 7.30pm; Dec 30

HONG KONG

**CONCERT**  
**Concert Hall/HKCC** Tel: 852-227342809  
 • Hong Kong Philharmonic Orchestra: New Year's Eve concert, with conductor Samuel Wong, harpist Yolanda Kondonassis and flautist Andrew Nicholson. The programme includes works by Rossini, Mozart, Saint-Saëns and J. Strauss; 8pm; Dec 31

PARIS

**CONCERT**  
**Gré de la Musique** Tel: 33-1 44 84 45 00  
 • Orchestre Français des Jeunes: with conductor Marek Janowski perform works by Beethoven, Prokofiev and R. Strauss; 8pm; Jan 2

ROME

**CONCERT**  
**Accademia Nazionale di Santa Cecilia** Tel: 39-6-3611064  
 • Orchestra dell'Accademia di Santa Cecilia: with conductor Yuri Temirkanov and violinist Vladimir Spivakov perform works by Tchaikovsky; 7pm; Jan 4, 5 (5.30pm), 6 (9pm), 7 (7.30pm)

STOCKHOLM

**CONCERT**  
**Accademia Nazionale di Santa Cecilia** Tel: 39-6-3611064  
 • Orchestra dell'Accademia di Santa Cecilia: with conductor Yuri Temirkanov and violinist Vladimir Spivakov perform works by Tchaikovsky; 7pm; Jan 4, 5 (5.30pm), 6 (9pm), 7 (7.30pm)

● Focus on Cézanne: small exhibition focusing on the museum's collection of paintings, watercolours and drawings by Cézanne. Alongside these works, related works from other collections are shown. The display features some 25 pictures by Cézanne; to Jan 11

STUTT GART

**OPERA**  
**Staatstheater Stuttgart** Tel: 49-711-20320  
 • Barbe-bleue: by Offenbach. Conducted by Ralf Weiskert, performed by the Oper Stuttgart. Soloists include Elisabeth Canis, Stella Kleindienst, Catriona Smith, Jörn Wising and Helmut Berger-Tuna; 8pm; Dec 31

SYDNEY

**CONCERT**  
**Concert Hall** Tel: 61-2-250-7111  
 • New Year's Eve Concert: featuring works by members of the Strauss family, Lehár, Oscar Straus and Offenbach. The interval is timed so as to coincide with the fireworks display over Sydney Harbour; 8pm; Dec 31

OPERA

**Drama Theatre, Opera Theatre, Playhouse** Tel: 61-2-250-7127  
 • La Clemenza di Tito: by Mozart. Conducted by Christopher Hogwood, performed by the Australian Opera. Soloists include Rosamund Hill, Fiona James, John Mark Ainsley, Ingrid Silveus and Kathryn McCusker; 7.30pm; Jan 2, 4

TOKYO

**CONCERT**  
**Suntory Hall** Tel: 81-3-35849999  
 • New Japan Philharmonic: with conductor Mstislav Rostropovich, soprano Noriko Sasaki, alto Kyoko Akita, tenor Kai Fukui, baritone Michio Tazawa and the Shin-Yu-Kai Chorus perform works by Beethoven; 7pm; Dec 29

TORONTO

**CONCERT**  
**SkyDome** Tel: 1-416-9708000  
 • The Three Tenors: performance by José Carreras, Plácido Domingo and Luciano Pavarotti as part of The Three Tenors world tour; 8pm; Jan 4

VERONA

**OPERA**  
**Teatro Filarmonico** Tel: 39-45-580109/800 2275  
 • Die Fledermaus: by J. Strauss. Conducted by György Gyorvanyfi Rath, performed by the Orchestra, Coro e Corpo di Ballo dell'Arena di Verona. Soloists include Armando Testi, Luciano Serra, Roberto Accurso, Tibor Szolnoky and Gemma Bertagnoli; 8.30pm; Dec 31; Jan 2, 3, 4, 5 (3.30pm)

VIENNA

**CONCERT**  
**Musikverein** Tel: 43-1-5058681  
 • Wiener Neujahrskonzert 1997: the traditional annual New Year's concert, performed by the Wiener Philharmoniker with conductor Riccardo Muti; 11am; Jan 1

EXHIBITION

**Palais Liechtenstein** Tel: 43-1-3176900  
 • Lucio Fontana - Retrospektive: this retrospective exhibition of the work of this Argentinian-born Italian sculptor focuses on Fontana's famous cuts ("tagli") and perforations ("buchi") from his mature Italian period as well as on numerous figurative and abstract sculptures in bronze and ceramics; to Jan 5

OPERA

**Wiener Staatsoper** Tel: 43-1-514442960  
 • Die Fledermaus: by J. Strauss. Conducted by Leopold Hager, performed by the Wiener Staatsoper. Soloists include Dussmann, Kirchschiager, Raimondi and Zednic; 7pm; Jan 1  
**Wiener Volksoper** Tel: 43-1-514442960  
 • Die Fledermaus: by J. Strauss. Conducted by Asher Fisch, performed by the Wiener Volksoper. Soloists include Dalipozza, Slabbert, Reinthaller and Kainz; 7pm; Dec 31 (also 1.30pm); Jan 1

WASHINGTON

**EXHIBITION**  
**National Gallery of Art** Tel: 1-202-7374215  
 • Adolph Menzel (1815-1905): Between Romanticism and Impressionism: this retrospective exhibition comprises about 130 paintings, drawings, pastels and watercolours by Adolph Menzel, one of the leading German artists in the second half of the 19th century. Most of the works are from the Staatliche Museen zu Berlin, Preussischer Kulturbesitz. The works on display span a wide range of contemporary and historical subject matter. In addition to many of Menzel's acknowledged masterpieces, among them "Frederick the Great's Flute Concert at Senesow" (1850-1852), "An Afternoon in the Tullerles Garden" (1857), and "King Wilhelm's Departure to the Army on July 31 1870" (1871), the exhibition also includes sketches and drawings depicting bourgeois life in Berlin; to Jan 5

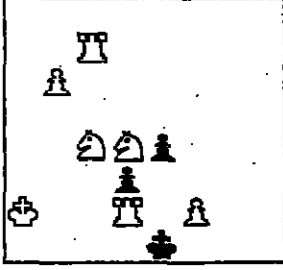
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CHESS

Hastings starts today, continuing a tradition begun in 1885 and renewed annually since 1919. The first Hastings invited an unknown 21-year-old American, Harry Pillsbury. Chain-smoking black cheroots, Pillsbury won first prize ahead of the world champion and so launched Hastings' reputation as a proving ground for young hopefuls.

The year's favourite is Michael Adams, the UK No 2 and world No 10. An unknown Armenian will attempt the Pillsbury role, but more significant is Hastings' first Chinese player, the former world woman champion Xie Jun. Hastings also has a tradition of inviting Russians, starting in 1888 with Mikhail Tchigorin, who played two world title matches and became the icon of Soviet chess.

Tchigorin tried whisky at Hastings for the first time, and dubbed it "too weak". I doubt this since playing over his penultimate round game which cost him first prize and which gives, more than any other grandmaster game, the impression that the loser was in an alcoholic haze (Tchigorin v Janowski). 1 e4 e5 2 Nc3 Nf6 3 d37 Tchigorin was an expert in



White mates in three moves, against any defence (by M Dischler). Black's king is surrounded by rooks and knights, yet the mate is a surprise.

Solution Page II  
 Leonard Barden

BRIDGE

When your partnership is on song, it brings a warm glow to your heart. Facing such a pair is likely to induce a somewhat chillier sensation.

N  
 ♠ 9 5 3  
 ♥ 8 7 6  
 ♦ K Q J  
 ♣ 9 6 5  
 W E  
 ♠ J 8 4 2 ♠ 10 7 6  
 ♥ 9 2 ♥ Q 4  
 ♦ 7 5 4 2 ♦ A 9 6 3  
 ♣ A Q 10 ♣ J 7 3 2

South opened 1H, his partner bid 2H, and he bid 4H. West led 8♠. Declarer won with ♠A, cashed ♠AK and watched ♠Q fall. He then led 8♠ to K♠, won by East's A♠.

Only a very unlucky lie of the clubs and a perfect switch could defeat South. Also, his play of ♠Q♠ at trick one might cause East to place his partner with K♠

and return a spade. Then, a club loser could be thrown on dummy's third diamond. In fact, East switched promptly to ♠ - the only card to secure three quick club tricks - and now, whatever South does, his contract is lost.

At the start, West knew he wanted his partner to lead a club so, rather than the normal lead of 2♠ - promising an honour and requesting that the suit be returned later - he had led a discouraging 6♠.

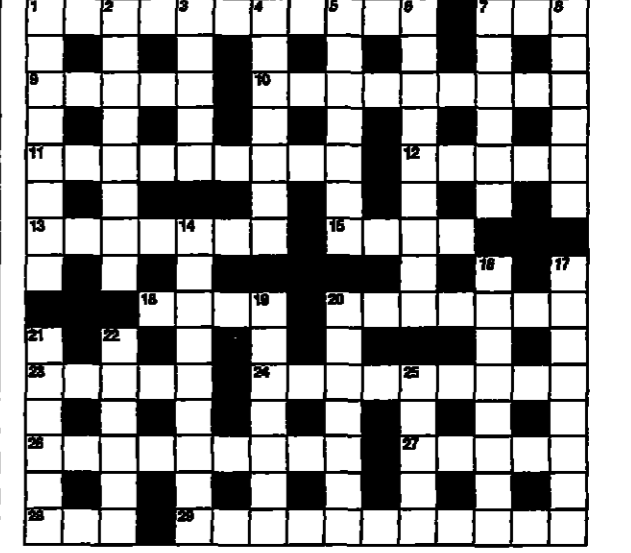
East read this as denying a top honour and had reasoned that the only hope lay in making three quick club tricks. Hence ♠ became the best shot of achieving that end.

If you find your opponents thinking this clearly on more than one hand in a row, don't fight it. Make your excuses, and repair to the nearest hostelry.

Paul Mendelson

CROSSWORD

No. 9,260 Set by DINMUTZ  
 A prize of a classic Pelikan Sovereign 800 fountain pen for the first correct solution opened and five runner-up prizes of £25 Pelikan vouchers. Solutions by Wednesday January 3, marked Crossword 9,260 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 8HL. Solution on Saturday January 11.



ACROSS  
 1 How we are influenced by the stars? (8-6)  
 7 Doctor's bag (3)  
 9 For a rope, look round a (7)  
 10 Peak force employed to achieve a look at card-table (5-4)  
 11 Turner responsible for casting? (9)  
 12 Range of troubles following Henry (5)  
 13 Expert players on strike (4,3)  
 15 Small sandbanks in the river (4)  
 16 Garlands from exotic isle (6)  
 20 Fall to pick up motorway? Cut through! (7)  
 23 Place of tallest insect (5)  
 24 Spy avinole can be worrying (9)  
 26 At which point our nephew went astray? (9)  
 27 These days, pet in trouble needs expert (6)  
 28 Bar stool (3)  
 29 Action in open court is disturbed (11)  
 DOWN  
 1 State in which one has enough money? (8)  
 Solution 9,259

Solution 9,251  
 ACROSS  
 1 GUN  
 2 RAIN  
 3 ANNEX  
 4 GUY  
 5 OVERGROWN  
 6 HANGERS  
 7 LEE  
 8 ISLE  
 9 YOUNG  
 10 OAK  
 11 ATTENTIVE  
 12 ILL  
 13 BILLY  
 14 BILLY  
 15 BILLY  
 16 BILLY  
 17 BILLY  
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 31 BILLY

WINNERS 9,251: Tanya Campbell, Perth; Mrs A.L. Costello, Wrexham; Edward Friend, Higgin; Stephen Higgin, Staines; Middd; C.N. Hill, Ferndown, Dorset; A.B.S. Kidd, Dumnfermline



السؤال الثاني

WEEKEND INVESTOR

Bids/Deals

Steelmakers battle it out

**A**s a heavy month for takeovers draws to a close, the most acrimonious battle is over Triplex. Lloyd's 300p-a-share bid for William Cook, which values the Sheffield steel castings group at £87.8m, writes Paul Adams.

Cook has accused Triplex, another Midlands foundry group, of undermining its forecast that pre-tax profits would jump 26 per cent this year to £10.7m (£8.4m).

Natwest Markets and KPMG, William Cook's advisers and accountants,

have defended the forecast as sound.

William Cook says Triplex is trying to distract shareholders with spurious claims out of desperation to press home its bid. But Triplex says its cash and share offer exceeds the value of the company.

Newman Tonks, the architectural hardware supplier facing a £197.5m hostile bid from FEI, stands to gain £12m from the sale of its minority stake in Tesa, the Spanish security card maker, to

Williams Holdings, the security and fire products specialist.

FEI, the acquisitive electrical engineering group, is making a paper offer worth 150p a share, with a 140p cash alternative, and at least two big institutions have accepted.

Clyde Petroleum, the UK oil independent, has accused Gulf Canada, an international group, of trying to grab the company on the cheap with its £482m hostile bid.

Clyde's management says

it should be valued as a multiple of cash flow not net assets as Gulf had done and accused Gulf of using selective statistics to justify its 105p per share offer.

Two bidders are pursuing Lloyds Chemist. Gene of Germany has announced that it has acceptance from 0.16 per cent of shareholders for its cash offer of 500p a share.

There is a paper offer from UK rival, UniChem. Both have until January 17 to improve their offers.

In the Pink

Back to boom and bust - with Blair

That is the prospect Brian Reading sees under a Labour government as it comes to grips with Emu

**N**o more than five months from now we shall know who has won the UK general election. In 12 months, we shall know if Britain has decided to opt out of European monetary union (Emu) when it starts in 1999.

A Labour victory in the election looks virtually certain. Most Labour MPs will want to enter Emu. So will many Conservatives and all Liberal Democrats. There will be a hefty House of Commons majority in favour. But will Labour leader Tony Blair take the plunge? Probably not.

First, there must be an act of parliament, which would occupy much of Labour's first parliamentary session. Then there must be a referendum. So Blair will probably opt out of membership in 1999 and hope to join later - probably in 2002, when the euro is scheduled to replace national currencies. This would allow him time to persuade reluctant voters to say "yes" in the referendum.

They will not be asked to vote on the alternative: staying out of Emu and, ultimately, being forced out of the single market and the EU. But they will be told this is the alternative and many will be persuaded - wrongly, I believe - that it would be the worse of two evils. So, there is a good chance a referendum will favour entry.

This, however, poses a big question: what will happen to sterling in the meantime? It might have to be repegged to the D-mark in the European exchange rate mechanism (ERM), as in 1990-92, or it could again shadow the mark infor-

mally, as in 1987-88. Both were salutary experiences.

Britain's economy is set to boom in 1997, with up to 4 per cent GDP growth. Germany will be lucky to achieve 2.5 per cent growth, and will do so only if the D-mark remains weak and real long-term interest rates fall.

Fiscal policy throughout the Continent is being tightened to meet the budget criteria laid down in the Maastricht treaty. Unless offset by monetary ease, though, continued recession will put this beyond reach. So it might seem that, if Britain

same happen again? Britain's economy is set to boom in 1997, with up to 4 per cent GDP growth. Germany will be lucky to achieve 2.5 per cent growth, and will do so only if the D-mark remains weak and real long-term interest rates fall.

Fiscal policy throughout the Continent is being tightened to meet the budget criteria laid down in the Maastricht treaty. Unless offset by monetary ease, though, continued recession will put this beyond reach. So it might seem that, if Britain

vinced that this time the pound will remain pegged to the D-mark. The belief will grow that Britain will join the single currency.

Once this happens, it will be impossible for UK short-term interest rates to remain at 7 per cent or more while Germany's are 3 per cent or less. It will be impossible for gilts to yield up to 2 per cent more than German bund. Money will flood into sterling, creating a conflict between domestic and external policy requirements. The bubble economy will be reflated.

One must assume that a Labour government will not want this. Possibly, the EMU option can be kept open without pegging the pound. But there will be considerable pressure on Labour to do so. The answer is to offset monetary ease with fiscal stringency. This surely is needed. Britain's budget deficit is forecast to fall to 3 per cent of GDP in 1997-98.

With the economy booming, though, most of the deficit will be structural. At this stage, it should be 1 to 2 per cent lower. But to suppose that Labour will raise taxes heavily or cut spending in its first year is implausible. So unless it puts its European aspirations on hold, Gordon Brown will probably mismanage the economy as badly as Lawson did before him.

The message for markets is that a pro-Europe Labour administration promises the possibility of another bonanza followed by bust. Fortunes could be made from strong sterling and a gilts convergence play.

Here's to a prosperous new year.

Brian Reading is a director of Lombard Street Research.

Current takeover bids and mergers

Company	Value of bid (£m)	Year bid made	Value of shares (£m)	Offer type
APTA	17	1994	13.4	Exchange offer
Ashtons	777	1976	181	Exchange offer
Barfield	15	1979	108	Share swap
Car	3004	2001	2846	Share swap
Chester Water	170	195	154	Share swap
Clyde Petroleum	105	1981	804	Share swap
Cook (Wm)	800	1996	240	Share swap
East Midlands E	67	1995	611	Share swap
Gaspar Group	157	1981	125	Share swap
JR Group	150	140	100	Share swap
King & Sherrin	182	1924	1824	Share swap
Lloyds Chemist	486	2001	504	Share swap
Lloyds Chemist	507	2001	516	Share swap
London Electricity	707	2001	682	Share swap
My Kista Town	190	188	167	Share swap
Newman Tonks	154	129	129	Share swap
Northern Electric	65	201	62	Share swap
RPT Management	114	112	114	Share swap
Societys	6	5	10	Share swap
Strang & Fisher	21	204	12	Share swap
UK Estates	28	25	22	Share swap

Last week's interim results

Company	Sector	Year	Pre-tax profit (£m)	Dividend (£)
Abnott Asia	Int'l	Sep	13.35 (12.85)	0
Abnott Asia	Int'l	Nov	75.53 (68.96)	0.25
Cashell Int'l	Int'l	Aug	277.4 (282.1)	0
Castrol	Int'l	Nov	277.4 (282.1)	1.8 (1.7)
Castrol	Int'l	Aug	107 (101)	0
Castrol	Int'l	Nov	788 (822)	1.22 (1.17)
Castrol	Int'l	Nov	470 (2,450)	(1.58)
Castrol	Int'l	Nov	124 (122)	0

Last week's preliminary results

Company	Sector	Year	Pre-tax profit (£m)	Dividend (£)
Castrol	Int'l	Nov	11,150 (9,510)	11.0
Castrol	Int'l	Nov	2,470 (2,410)	2.0 (2.0)
Castrol	Int'l	Nov	2,300 (2,300)	11.1 (10.5)
Castrol	Int'l	Nov	14,000 (14,000)	0

Results due next week

Company	Sector	Account date	Last year interim	This year interim
Balfour Beatty	Int'l	Thursday	-	-
Bentley Group	Eng	Thursday	-	-
Burdens Media Group	Int'l	Thursday	-	-

Directors' share dealings

Transactions in own companies December 23-29 1996

Company	Sector	Shares	Value £000	No of directors
SALES				
Bentley	RetG	12,000	15	1
British Biotech	Phrm	120,000	247	1
British Polythene	PPAP	145,425	1018	1
Chiroscience	Phrm	320,000	1018	1
EFT Group	Oil	2,882,168	4088	4
Eurotherm	Elec	5,000	27	1
Friendly Hotels	LAH	125,000	118	1
Henderson Group	OthF	5,000	57	1
Jarvis	BCon	735,000	870	1
Kewell Systems	SSer	200,000	1040	1
London Merchant Sec	Prop	18,740	19	1
Pearson	Media	40,750	290	1
Pizza Express	Brew	150,000	790	1
Ryl Bank of Sc	Bank	35,511	199	1
Southern Newspaper	Media	2,900	17	1
Staffware Plc	SSer	15,000	39	2
Stepacoch Hodge	Tran	804,168	5689	3
Wetherspoon (JD)	Brew	35,000	413	1
BAA	Tran	91,150	438	1
Clyde Petroleum	Oil	72,324	59	3
Croda Intl	Chem	4,687	16	1
EuroMoney Pbln	Media	4,405	61	1
Hogg Robinson	SSer	261,828	798	1
PizzaExpress	Brew	1,010,000	5050	3
Powerstream Intl	Eng	480,000	2822	2
Sovern Trent	Wtr	58,350	389	1
PURCHASES				
Aberdeen Trust	OthF	12,250	11	2
Anglo-Spanish Mining	Edn	400,000	20	1
Antony	EngV	100,000	90	1
Arcadian Intl	LAH	25,000	11	1
BBB Design Grp	Media	50,000	12	1
Broadgate Inv	InvT	58,300	36	1
BTR	DM	12,000	81	1
Cobham	Eng	3,000	18	1
Country Gardens	RetG	10,000	15	1
Cruden Bay	InvT	15,000	12	1
First Choice Hole	LAH	250,000	148	1
Fleming Natural Res	InvT	16,000	17	1
Fleming Worldwide	InvT	50,000	29	1
Freepages Group	Media	892,684	375	2
Friendly Hotels	LAH	10,000	15	1
Globe News	Brew	35,000	75	2
Granger Trust	Prop	5,000	16	1
Granada Grp	LAH	5,000	43	1
Greggs	RetG	801	10	1
Hambro Countrywide	Prop	30,000	28	1
Hiscox Select Ins	Insu	340,000	402	3
Johnson Matthew	Eng	5,000	27	1
Laird	EngV	40,000	159	1
Mercury Asset Mgmt	OthF	20,000	247	1
Metabach Intl	Eng	1,000,000	120	1
Morgan Crucible	Eng	4,800	20	1
Old English Pub	Brew	15,000	24	2
Thermax	BMkt	48,325	44	1
Tate & Lyle	FdPr	20,000	90	1
Taylor Nelson	Media	145,000	64	3
TC Group	Hth	32,250	43	1
TransTec	Eng	18,518	20	1
Wardon	LAH	25,000	23	1
Waddington	PPAP	10,230	26	1

Companies must notify the Stock Exchange within five working days of a share transaction by a director. This list contains all transactions (Bids and Aims), including those of directors of 100% subsidiaries held, with a value over £10,000. Information released by the Stock Exchange. Shares traded are ordinary unless otherwise stated. \* Cumulative convertible redeemable preference shares. Source: The Inside Track, Edinburgh, 0131-588 7070

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on Tuesday, February 4

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\*Source: FT Readership Research 1996.

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# Weekend Investor

Wall Street

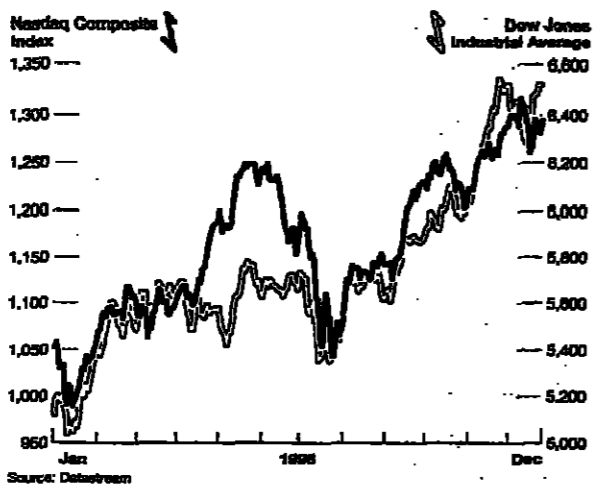
## The bulls gallop on aimlessly

John Authers on how the Dow and the Nasdaq took different routes upwards

The bulls had two runs during 1996, and were still galloping, albeit rather aimlessly, as the year came to a close. Those two runs sandwiched a frightening correction in July, but the net result was that all the most widely consulted indicators were much stronger at the end of the year than at the beginning.

By the end of last week, the last full week of trading in 1996, the Dow Jones Industrial Average, the venerable but still closely watched index of 30 blue-chip stocks, was up 26.7 per cent, and the younger more vigorous Nasdaq composite index up 25.5 per cent.

### Same end: different journeys



But it is misleading to look at the year as two snap-shots in January and December. As seen the Dow and the Nasdaq took very different routes on their way up. While technology stocks powered the market forward until July, with blue-chips lagging, it was the Dow constituents, in the main, which led the market away from the correction.

First came the technology-powered bull run, which took the S & P 500, the broadest indicator of market strength, up 9.3 per cent by mid-May. The Nasdaq fared much better, gaining 26.3 per cent by its high in the first week of June from its low point in January.

The Nasdaq, which took until October to register a new high, eventually participated to the full.

Eyes were still turned anxiously towards Alan Greenspan, chairman of the Federal Reserve: would he raise interest rates to stop economic growth leading to higher prices? In the event, most indicators pointed to a slow-down in growth later in the year, and the Fed moved interest rates just once, cutting from 5.25 to 5 per cent at the end of January. But the market lived in fear of a tightening, with every statistic suggesting a robust economy triggering panic.

The Fed's decision to leave rates unchanged in September gave the market heart. Then the election result in November, which delivered the double whammy of a president not tied to an unrealistic tax cut, and a Congress ideologically wedded to budget cuts, was greeted with glee. The Dow, which had only just passed the 6000 milestone, swept up to 6500 in less than a month. By its high, it was 22.5 per cent up from its July trough: the Nasdaq was up 26.3 per cent up.

London

## Sharpening up the old saws

Philip Coggan completes a year of two halves and looks at the stark differences

It would be nice to find some original phrase to describe the past year in the UK stock market. But sometimes one has to grab the bull by the horns and go for the cliché; it was a year of two halves.

The graph below is just one illustration of the tendency. It shows the performance of the FTSE Small-Cap index relative to the All-Share. In the first six months of the year, small companies were racing away, pipping their larger brethren by 11 per cent at one point. But in the second half, they lost all the ground they had gained.

A similar picture can be seen if you examine the performance of the All-Share or the FTSE 250 index relative to the FTSE 100. The smart money this year started off by buying smaller stocks and then from June switched to the leaders.

### The smart money started by buying smaller stocks and then switched to the leaders

The year's strongest performing sector was semi-conductors. Last week, the Standard & Poors sector was up 89.8 per cent for the year, led by Intel, which has become a mighty new stock market powerhouse. It developed a pleasant habit of needing to revise positive sales forecasts upwards, which did its stock no harm.

Second to silicon chips came computer software including most Internet stocks, up 65.5 per cent. Financial companies, aided by low interest rates and the recent huge spasm of cost-cutting mergers, were the other notable strong performers, with consumer finance companies up 55.6 per cent, and money centre banks up 43.7 per cent.

The key to the year has been liquidity. For a start, there is plenty of money sloshing around the UK market. Institutional investors were cautious throughout the early months of the year and surveys showed them selling UK equities; meanwhile, companies were returning cash to investors in the form of dividends (regular and special), buy-backs and takeovers.

Liquidity has also been healthy in the rest of the world. The US stock market wobbled in July, when it was feared that the Federal Reserve might be forced to raise interest rates. But signs of an economic slow-down emerged and the Fed was able to leave rates unchanged; Wall Street duly surged to all-time highs.

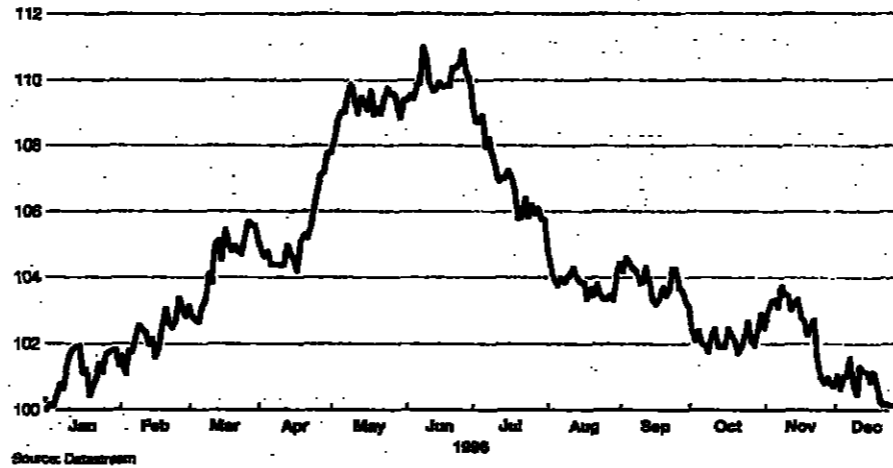
In Europe, central banks were cutting rates in an attempt to revive continental economies. Growth was sluggish in many countries, as governments attempted to slash fiscal deficits in order to meet the criteria for European monetary union.

Footsie's absolute, as well as relative, performance shows the same Manichean characteristics. By mid July, the leading index had slipped to 3,632.3, below its end-1995 level of 3,689.3. It then forged ahead and even managed to set an all-time intra-day high during yesterday's half-session.

Ironically enough, at the start of the year most people were expecting Footsie to have a good first half and a poor second as the election loomed. So often, what is most predicted fails to occur.

### Busily going nowhere

SmallCap relative to the FTSE All-Share Index



Dow Jones Ind Average	
Monday	6488.02 + 4.62
Tuesday	6522.85 + 33.83
Wednesday	
Thursday	6548.68 + 23.83
Friday	



All in the game over the moon and sick as a platitude

an element of "catch-up". But the second half contained some trends which should have been favourable for the relative performance of smaller companies. Domestic economic growth appeared to be accelerating, and smaller groups tend to be more focused on the UK.

Also, sterling rallied, which would normally hit the larger groups, which tend to export more and have overseas operations.

It may be that smaller companies are struggling to cope with an economy which shows modest growth and low inflation. In such circumstances, sales growth is in single digits, and above-average profits growth is dependent on managements' ability to cut costs. Bigger companies may have more expert managers, or may simply have more fat to cut.

couple of per cent or so will undoubtedly feel pleased. Step forward Ian Harnett, once of SGST, now of NatWest, who started the year with a 4,000-4,250 range. Some might complain that such a wide range is an easy target to hit but Harnett was still the most bullish.

Almost as pleased must be Richard Jeffrey of Charterhouse and Mark Tinker, then of James Capel, now at UBS, who both predicted that Footsie would end the year at 4,000. Those forecasts were close enough to satisfy any reasonable client.

For a time, that seemed to have capped the UK market's progress, as Footsie slipped back from the high of 4,073.1 it recorded on October 21. But the traditional end of year rally has come to the index's rescue in the last few days.

Overall, conditions were favourable. Interest rates were low in nominal terms, economic growth was steady, corporate earnings and dividends were rising, and inflation, while edging up, was subdued.

The switchback performance of smaller companies is harder to explain. They had underperformed in 1995 so their strong run in the first half may have involved

Most other analysts opted for the 3,700-3,800 range, predictions which looked set to come true by the middle of the year. As the market rallied, some were forced to move up their forecasts.

Finally, what of the O'Higgins system, oft mentioned in this column as a stock-picking method? This takes the 10 highest-yielding shares in the FT30 and, of those, picks the five with the lowest nominal share prices.

The system has not worked well recently and a portfolio picked on March 28, which contained market laggards such as BTR and Hanson, has performed abysmally. The same exercise in June has at least managed a small gain but, thanks again to Hanson, is trailing behind the All-Share.

Alternatively, the answer may simply be that, when the market started to rally in late July, those institutions with high cash holdings had to move quickly to increase their equity weightings, and logically chose the more liquid Footsie stocks.

How did the analysts who try to read the runes of the market, fare in 1996? In early January, the FT ran through the brokers' forecasts for Footsie's end-year level. This is a fairly arbitrary target - picking the level of one index one year in advance is a bit of a lottery - but any analyst who gets within a

Believers in the system (and Hanson shareholders) will be hoping for better times in 1997.



Barry Riley

## Old themes for a new year

Globalisation, not irrationality, is the underlying factor.

In its dying days, the old year has been giving a reminder of the enduring strength of the forces that have driven the securities markets for a long time now. We can note the extreme strength and increasing overvaluation of Wall Street, but also the obstinate - and even alarming - weakness of Japanese equities.

A common strategic mistake about Wall Street by global fund managers - especially those based in London - has been to assume that departures from fair valuation will be swiftly corrected through a strong natural tendency for reversion to the mean.

can be sustained, these policies will stoke up growth and inflation. A new commodities boom is looming, and we may see the beginnings of it in 1997. In the short run, though, the main effort is to generate in certain financial asset markets what the chairman of the US Federal Reserve Board Alan Greenspan earlier this month described as "irrational exuberance". But that the increasingly desperate efforts of the Bank of Japan to prevent a financial meltdown in Tokyo should blow up a bubble far away on Wall Street reflects not irrationality but the impact of globalisation.

very close to the end of this game yet. I do expect, however, that the dollar will become generally weaker in 1997. That will encourage US investors to look overseas. Wall Street's bull market should therefore cool and spill over into some of the emerging markets which have (aside from

It is too easy to say that Wall Street is heading for a shakeout, but when?

It would not take much to trigger a rise in dollar interest rates, though in depressed Continental Europe D-mark and French franc rates may not quite have troubled yet. The big decision here, however, would be an upwards move in Japanese short-term rates from their 15-month peg at 0.5 per cent. It is quite likely to happen later in 1997, but it does not look imminent.

A growth shock would certainly affect the UK. All the latest statistics - for retail spending, unemployment, house prices and money supply - show that the planned pre-election boom is under way. The Treasury forecasts economic growth of 3.5 per cent, and subjectively it feels like more, although the overall expansion rate is being held down by the sterling-related weakness of manufacturing which, typically, is the sacrificial victim of electoral priorities.

of England increasingly agitated. One small interest rate rise is likely before the election, and two or three more afterwards.

Whether the impending overdose of the feelgood factor will come in time to save the Conservative government still seems doubtful. But the probability of a swing to Labour has already been partly priced into UK equities, which have underperformed stocks in both the US and the rest of Europe in 1996.

The big problem remains uncertainty about dividends, which would be threatened by company tax changes from a Labour chancellor of the exchequer. Meanwhile the valuation basis of the London stock market remains full, although by no means as excessive as that of Wall Street. On balance, share prices could still make progress if underlying company earnings continue to rise but this is a mature market and it will be a year for stockpickers rather than index-trackers.

But we need a forward-looking analysis of global capital flows rather than a backward-looking scale of standard valuation benchmarks. It is too easy to say that Wall Street is heading for a shakeout, but when? Market timing is a very risky game: the Horsemen of the Apocalypse may be sacked long before Armageddon finally arrives.

So far, the 1990s is turning out to be the decade of the central banks. Manipulation of currencies runs to the colossal scale of hundreds of billions of dollars. There is a vast expansion of central bank reserves.

In the longer term, if they

The disaster scenario is easy enough to spell out. A widening US trade gap could prompt pressure by the American government on the Japanese, Chinese and other far eastern exporting states to allow their currencies to rise against the dollar. In any case, the central banks of these countries may eventually choke on the dollar bonds they are piling up, which pose a huge currency risk to them. If they stop buying dollar securities, yields on US Treasury bonds will rise and the Wall Street bonanza will finally be over.

I am not sure that we are

Hong Kong and one or two Latin American markets) often had an unexciting time in 1996. Continental Europe could again do well.

The real downside risk would arise from a "growth shock". Consensus economists are forecasting a continued benignly steady rate of growth in 1997 with the OECD last week, for instance, indicating industrialised world expansion of 2.4 per cent, just as expected for 1996.

But if the excess global liquidity should feed through into consumption there would be immediate concerns about rising interest rates and bond

With ministers busy boasting about house price rises, general inflation will stay above the government's 2.5 per cent target in 1997 although sterling's strength may allow the underlying rate to drift down from the present 3.3 per cent in the early part of the year. A more worrying acceleration of inflation seems almost inevitable in 1998 and the prospect will make the Bank

Finally, on a bullish note, there is the outside chance of a move by Labour to embrace European economic and monetary union. That would bring a sharp rise in gilt-edged prices and send shares up too. But it is a long shot.

Offshore managed funds and UK managed funds are listed in Section One

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